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IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

DUAL MANUFACTURING & ENGINEERING, INC. AND THE BERKLINE CORPORATION,

Petitioners,

vs.

BURRIS INDUSTRIES, INC. AND LEGGETT & PLATT, INCORPORATED,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

CORNELIUS J. HARRINGTON, JR.
DAVID D. KAUFMAN
JOHN E. ANGLE
Attorneys for Petitioners

Of Counsel:

KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

DAVID D. KAUFMAN
Room 1425
39 South LaSalle Street
Chicago, Illinois 60603
(312) 372-8113

Gunthorp-Warren Printing Company, Chicago • Financial 6-6565

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Petitioners, Dual Manufacturing & Engineering, Inc. and The Berkline Corporation, pray that a writ of certiorari issue to review the *en banc* judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in this cause on April 22, 1980, which reversed the earlier panel decision of the same court.

QUESTIONS PRESENTED

I. Were the petitioners deprived of their constitutional right to a jury trial when the Court of Appeals substituted its own view of obviousness without finding that the jury's verdict of patent validity was against the manifest weight of the evidence?

II. Was the jury's verdict of patent validity binding on the reviewing court where the respondents assigned no error to submitting the issue of patent validity to the jury as a fact question and the reviewing court made no finding that the verdict was against the manifest weight of the evidence?

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OPINIONS BELOW.

The *en banc* opinion of the Seventh Circuit has not been officially reported and is reproduced at Appendix A (App., pp. A1-16). The July 20, 1979 opinion by a panel of the Seventh Circuit is reported at 202 USPQ 708 (7th Cir. 1979), and is reproduced at Appendix B (App., pp. A17-31). There was no opinion at the trial court level.

JURISDICTION

Jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1). The *en banc* judgment of the Seventh Circuit was entered on April 22, 1980, and is reproduced at Appendix C (App., pp. A32-33).

CONSTITUTIONAL PROVISION AND STATUTE INVOLVED

I. U. S. Constitution, Amendment 7:

> In suits at common law, where the value in controversy shall exceed $20, the right of trial by jury shall be preserved and no fact tried by a jury shall be otherwise reexamined in any court of the United States, than according to the rules of common law.

II. United States Code, Title 35, § 103:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

STATEMENT OF THE CASE

This consolidated and bifurcated patent case was tried to a jury.[1] Two reissue patents were involved (28,210 and 29,483) which covered an invention of Mr. Frank M. Re of a "close to the wall" reclining chair that can be placed several inches from a wall and reclined without striking the wall. Prior to Mr. Re's invention, reclining chairs were cumbersome and had to be positioned or moved away from a wall before they could recline. Mr. Re's invention enjoyed great commercial success and has had a profound and lasting impact on the furniture industry.[2] The petitioners alleged infringement and sought damages and injunctive relief.

The jury heard the testimony of sixteen witnesses, including three experts, and observed countless demonstrations of the many physical exhibits received in evidence. As in any jury trial, the jurors weighed the testimony and determined the credibility of the witnesses. At the conclusion of a nineteen day trial, the jury returned a special verdict finding that the two reissue patents were valid and infringed and the district court entered judgment based on the jury's special verdict. A timely motion for judgment notwithstanding the verdict or a new trial was denied by the trial judge.

The jury instruction on obviousness tracked *Graham* v. *John Deere & Co.*, 383 U. S. 1 (1966), and "was drafted and submitted by the appellants [respondents here] and given as

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1. The original suit was brought by petitioners against Burris Industries. Thereafter, Leggett & Platt, Inc. commenced an action in the District of Massachusetts seeking a declaratory judgment. The second suit was transferred to the Northern District of Illinois and consolidated with the original action. On motion of the respondents, the issues of liability and damages were ordered to be tried separately.

2. Indicative of this is the fact that the respondent, Leggett & Platt, obtained its own patent on the chair found to infringe.

tendered with some slight modification" (App., p. A3). Accordingly, the parties agreed to submit the question of obviousness to the jury as an issue of fact. When the jury held the patents valid, it necessarily decided the *Graham* factual inquiries in favor of the petitioners.

No error was assigned on appeal to any of the instructions given the jury; the respondents "did not object to submitting the question of obviousness to the jury" (*viz.*, treating it as a question of fact); nor did they assign error on appeal on this ground (App., p. A4). Moreover, respondents did not assert on appeal that the jury's verdict of validity was against the manifest weight of the evidence.

A divided panel of the Seventh Circuit affirmed "on the basis that the jury's verdict was not against the manifest weight of the evidence" (App., p. A2). The dissenting opinion, authored by the circuit judge who wrote the subsequent *en banc* opinion, "took the position that obviousness was a question of law, that the evidence demonstrated the patents were obvious under the prior art, that the patents should have been found invalid by the district court, and that the judgment contrary thereto should have been reversed by this court" (App., p. A2).

On April 22, 1980, the Seventh Circuit sitting *en banc* reversed, one judge dissenting. The court ruled that the patents were invalid as a matter of law, although the court made no finding whatsoever that the jury's verdict was against the manifest weight of the evidence. Indeed, the opinion indicates that the court had not even read the thirteen volumes of transcript which constituted the plaintiffs' case in chief (App., p. A4);[3] and acknowledges *sub silentio* that the verdict was supported by substantial evidence.

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3. In contrast, the panel's decision in this case stated, "We have, however, examined the record and found a reasonable basis for the jury's special verdict that the patent is valid" (App. p. A22). Moreover, the panel acknowledged and discussed differences between the invention and the prior art (App. p. A21).

REASONS FOR GRANTING THE PETITION

1. The Seventh Circuit's *en banc* opinion effectively denies petitioners their constitutional right to a jury trial by completely ignoring the jury's factual determinations on obviousness in favor of the patentee. Unless redressed by this Court, this deprivation of constitutional rights will continue to recur in the Seventh Circuit and the other circuits where courts of review feel free to substitute their subjective reaction to obviousness for the jury's verdict.
2. The Seventh Circuit's *en banc* opinion is in clear conflict with decisions of other circuits, such as *Control Components, Inc.* v. *Valtek, Inc.*, 609 F. 2d 763 (5th Cir. 1979), *reh. den.*, 616 F. 2d 892 (1980); and *Moore* v. *Shultz*, 491 F. 2d 294 (10th Cir. 1974), *cert. denied*, 419 U. S. 930; which hold that a properly instructed jury's determination of validity is binding on the reviewing court unless the verdict is against the manifest weight of the evidence. This conflict between the circuits is irreconcible, of long standing and will not be resolved without action by this Court.
3. The Seventh Circuit's *en banc* opinion, by applying a scope of review unique to patent cases, is in clear conflict with numerous decisions of this Court, such as *United States* v. *Kaiser*, 363 U. S. 299 (1960), which hold that a reviewing court's authority over a jury verdict is exhausted once it determines that the jury was properly instructed and there is substantial evidence to support the verdict. See also, dissenting opinion, Justice Douglas, *Moore* v. *Shultz, supra.*

ARGUMENT

1. The Decision Below Denies Petitioners Their Constitutional Right to a Jury Trial.

This case presents questions of fundamental importance for every patent case tried to a jury. There is no dispute that the

petitioners had the constitutional and statutory right to have their case, including the issue of validity, tried to a jury. *Beacon Theatres* v. *Westover*, 359 U. S. 500 (1959); *Dairy Queen* v. *Wood*, 369 U. S. 469 (1962); 35 U. S. C. § 284. However, the Seventh Circuit's *en banc* opinion, which totally disregards the jury's determination of validity, virtually abolishes that right and distorts the meaning of *Graham* v. *John Deere & Co., supra*. Moreover, such a result is obtained without regard to what happened in the trial court by simply invoking the incantation that "obviousness" is a question of law. Yet, we submit that the mere application of a label cannot be used to deny petitioners their right to a jury trial and the benefit of the jury's factual determinations; especially when, as here, "[a]ll issues relating to validity and infringement were treated as issues of fact and submitted to the jury." *Panther Pumps & Equipment Co., Inc.* v. *Hydrocraft, Inc.*, 468 F. 2d 225, 227 n. 2 (7th Cir. 1972), *cert. denied*, 411 U. S. 965.

The starting point of any discussion of obviousness is *Graham* v. *John Deere & Co., supra*, where this Court, in now famous language, asserted (at 17):

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

Graham stated that this three-step process involves "basic factual inquiries" to be made by the trier of fact based on the evidence received at trial. *Graham*, however, was a non-jury case that did not require this Court to further define a jury's role in applying the three-step process or the appropriate scope of review to be applied to the jury's findings.

Nonetheless, when any jury, instructed pursuant to *Graham*, decides the question of validity in favor of the patentee it necessarily finds as fact:

1. That certain art constitutes the relevant prior art; and

2. That there are significant differences between the prior art and the invention; and

3. That the ordinary skill in the particular field is at a certain level. See, *Panther Pumps & Equipment Co.* v. *Hydrocraft, Inc.*, supra at 228; *White* v. *Mar-Bel, Inc.*, 509 F. 2d 287, rehearing denied, 511 F. 2d 1402 (5th Cir. 1975).

If these factual determinations are to have any meaning (and accordingly afford the patentee his right to a jury), then a court of review cannot simply impose its independent view of obviousness without at least finding that these factual determinations are against the manifest weight of the evidence. Indeed, the only permissible purpose for reviewing factual determinations is to ascertain whether substantial evidence exists to support the verdict; a reviewing court has no warrant to review the evidence to see if it would have decided the case differently. As this Court stated in *Commissioner* v. *Duberstein*, 363 U. S. 278, 290-291 (1960), "Where a jury had tried the matter upon correct instructions, the only inquiry is whether it cannot be said that reasonable men could reach differing conclusions on the issue."

The *en banc* opinion attempts to blunt the effect of the jury's factual determinations by making the wholly unwarranted assumption that the facts pertaining to obviousness were not much in dispute (App., pp. A13, 26-27, 30). In fact, each factual determination required by *Graham* was hotly contested. Moreover, the factual disputes on obviousness were by no means restricted to the competing opinions of expert witnesses.[4] Nonetheless, the Seventh Circuit felt free to independently re-evaluate the facts in order to arrive at its decision of obviousness. The extent to which the court was willing to go in *de novo* review of

4. The jury viewed countless demonstrations of physical exhibits including full scale models of prior art structures. Additionally, there were fundamental conflicts in the testimony of skilled workers in the art produced by the opposing parties that only a jury, not a reviewing court, could resolve.

facts is demonstrated by the statement, "It appears to us that the other patents do have some relevance and under that circumstance we can give very little weight to the presumption of validity in this case" (App., p. A11).[5] Although it was clearly the function of the jury to determine the scope and content of the prior art, this statement illustrates the manner by which the Seventh Circuit invaded the province of the jury and denied petitioners the benefit of the jury's evaluation of the facts.[6]

2. The Decision Below Conflicts with Decisions of Other Circuits in Patent Cases.

Since 1966 federal courts have attempted to apply the teachings of *Graham* to jury verdicts on validity and to determine the appropriate scope of review to be applied to such verdicts. Although *Graham* states that ". . . the ultimate question of patent validity is one of law . . .,"[7] at least four circuits (the First, Fourth, Fifth and the Tenth) appear to hold that obviousness is a question of fact. See, *Spound* v. *Mohasco Industries, Inc.*, 534 F. 2d 404 (1st Cir. 1975) *cert. denied*, 429 U. S. 886; *Tights, Inc.* v. *Stanley*, 441 F. 2d 336 (4th Cir. 1971), *cert.*

5. Mr. Re's invention was subjected to five separate examination procedures by an experienced primary examiner, including two reissue applications during the litigation and in which respondents had the opportunity to participate.

6. It appears that the court's negative attitude toward Mr. Re's invention as influenced by the fact that the invention was a combination patent. Despite the fact that the court cites its recent opinion in *Republic Industries Inc.* v. *Schlage Lock Co.*, 592 F. 2d 963 (7th Cir. 1979) for the proposition that § 103 is the exclusive test for non-obviousness, the court nonetheless quotes with approval and as "valid law" the language from *Great A&P Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147, 152-153 (1950) concerning combination patents. We respectfully suggest that the time has come for the Supreme Court to make clear that the test of patentability set forth in § 103 (adopted after *Great A&P Tea Co.*) is to be applied equally to all types of inventions.

7. The statement included §§ 101 and 102 as well as § 103.

denied, 404 U. S. 852; *Control Components, Inc.* v. *Valtek, supra; Moore* v. *Schultz, supra.* And in those circuits, including the Seventh, that hold that obviousness is a question of law,[8] the treatment of jury verdicts on validity has been anything but uniform and the results conflicting and confusing.[9] Compare, *e.g., Panther Pumps & Equipment Co., supra,* with this case. As one of the circuit judges observed in *Control Components, supra,* a "Serbonian bog . . . threatens to engulf patent litigation."

Although the conflict between the circuits is long standing, the instant case and the Fifth Circuit's recent opinion in *Control Components, Inc., supra,* serve to dramatically illustrate the chaotic situation that exists. There, the jury returned a general verdict that the differences between the prior art and the invention would not have been obvious to one of ordinary skill in the valve art and the trial judge entered judgment in favor of the patentee. A divided panel affirmed on the ground that the jury's findings were supported by substantial evidence. In discussing the appropriate standard for review, the majority stated (at 789):

> If findings of fact on the scope of the prior art and the uniqueness of the claim are supported by substantial evidence, a legal conclusion consistent with those findings is likely to follow.
>
> "Full review" in this context amounts to an inquiry whether the judge 'correctly applies the law set out in Graham.' Like the trial court, we are aided in our inquiry by the jury's findings of fact. If supported by substantial evidence, these findings are apt to strengthen the trial court's legal conclusion. This case is no exception. Our independent review of the record discloses competent sub-

8. As Dean Green noted the terms "law" and "fact" have rendered great service to the legal profession because, "They readily accommodate themselves to any meaning we desire to give them . . ." L. Green, "Judge and Jury" 270 (1930).

9. A comprehensive list of cases dealing with this problem is found in 58 J. P. O. S. 695, n. 201.

> stantial evidence to support the jury's findings on the factual inquiries underlying the determination of validity.

Thus, the Fifth Circuit in effect ruled that the jury's determination was conclusive unless it was against the manifest weight of the evidence, a ruling consistent with the Seventh Amendment. The same concern for that Constitutional guarantee and the sanctity of jury verdicts is found in *Tights, Inc.* v. *Acme-McCrary Corp.*, 541 F. 2d 1047, 1055-1056 (4th Cir. 1976), *cert. den.* 429 U. S. 980.

On April 23, 1980 (one day after the Seventh Circuit's *en banc* opinion in this case) all but four of the Fifth Circuit's twenty four judges declined to reconsider the panel's decision by voting to deny a petition for a rehearing *en banc*. The four judges dissented on the ground that the ultimate issue of patent validity is one of law and observed, in language equally applicable to this case, that, "This case is of exceptional importance because the issues it presents arise in every jury trial of a patent case."[10] *Control Components, Inc.* v. *Valtek, Inc.*, 616 F. 2d 892 (5th Cir. 1980).

It is manifest that the basic approaches of the Fourth, Fifth and Seventh Circuit to the identical problem are antagonistic and irreconcilable. Indeed, it is apparent that if Mr. Re's invention had been judged in the Fourth or Fifth Circuit, instead of the Seventh, the petitioner would now hold valid patents rather than worthless pieces of paper.

Although the Seventh Circuit pays lip service to the notion that jury verdicts in patent cases are to be treated no differently than jury verdicts in non-patent cases, *Armour & Co.* v. *Wilson & Co.*, 274 F. 2d 143 (7th Cir. 1960); *Panther Pumps and Equipment Co.* v. *Hydrocraft, Inc., supra,* it is not possible to reconcile what the Seventh Circuit did here with what it in

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10. Counsel for petitioners have been advised that a petition for certiorari will be filed in *Control Components*. Since *Control Components* represents "the opposite side of the coin," the opportunity exists for this Court to consider this case and *Control Components* as companion cases.

fact does in non-patent cases. Thus, for example, in *McVeigh* v. *McGurren*, 117 F. 2d 672 (7th Cir. 1941), *cert. denied*, 313 U. S. 573, the Seventh Circuit asserted (at 676):

> We can only examine the record to determine whether there was sufficient evidence to support the verdict. The record being clear in that respect, it is beyond the proper scope of our authority to disturb it.

It is illuminating to compare this language from *McVeigh* with the statement in the *en banc* opinion, "that this court has never felt it was bound by a determination of non-obviousness at the trial court level resulting in validity . . ." (App., p. A7).

3. The Decision Below Conflicts with Decisions of This Court.

Not only does the Seventh Circuit's treatment of jury verdicts in patent cases conflict with that afforded by other circuits, but it cannot be squared with decisions of this Court concerning the sanctity of jury verdicts generally. Thus, for example, in *United States* v. *Kaiser*, 363 U. S. 299 (1960), this Court reviewed a jury determination that strike assistance was a "gift" within the meaning of the Internal Revenue Code and asserted (at 304-305):

> We need not stop to speculate as to what conclusion we would have drawn had we sat in the jury box rather than those who did. The question is one of the allocation of power to decide the question; and once we say that such conclusions could with reason be reached on the evidence, and that the District Court's instructions are not overthrown, our reviewing authority is exhausted, and we must recognize that the jury was empowered to render the verdict which it did.

And in *Lavender* v. *Kurn*, 327 U. S. 645 (1946), this Court stated (at 653):

> Whenever facts are in dispute or the evidence is such that fair-minded men may draw different inferences, a measure of speculation and conjecture is required on the part of those whose duty it is to settle the dispute by choosing

> what seems to them to be the most reasonable inference. Only when there is a complete absence of probative facts to support the conclusion reached does a reversible error appear. But where, as here, there is an evidentiary basis for the jury's verdict, the jury is free to discard or disbelieve whatever facts are inconsistent with its conclusion. And the appellate court's function is exhausted when that evidentiary basis becomes apparent, it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable.

Similar decisions of this Court are: *Senko* v. *LaCrosse Dredging Corp.*, 352 U. S. 370, *reh. den.*, 353 U. S. 931 (1957) (jury determination that plaintiff a "seaman" within meaning of the Jones Act); *Baker* v. *Texas & P. R. Co.*, 359 U. S. 227 (1959) (jury determination that plaintiff "employed" within meaning of Federal Employers' Liability Act); *A. & G. Stevedores* v. *Ellerman Lines*, 369 U. S. 355 (1962), *reh. den.*, 369 U. S. 882 (jury determination of negligence and seaworthiness). Indeed, in *Graham* v. *John Deere* this Court logically equated the question of obviousness with negligence and scienter (383 U. S. at 18).

These decisions show that, at least in non-patent cases, a properly instructed jury's determination of an issue, however characterized, is conclusive unless it is against the manifest weight of the evidence. It can scarcely be argued that the type of questions involved in these cases (*e.g.*, interpretation of Internal Revenue Code or negligence) are any less "legal" than the question of obviousness in patent cases. Yet, unless the Seventh Circuit's *en banc* decision is reversed, this Court will have placed it imprimatur on a *sui generis* approach to patent cases.

4. The Public Interest Requires the Intervention of the Supreme Court.

Twenty eight years have elapsed since Congress enacted § 103 and it has been fourteen years since *Graham* v. *John*

Deere was decided. During the intervening years, the application of § 103 by lower federal courts, especially in jury cases, has not fulfilled the hope of Congress that its adoption would produce "uniformity and definiteness" and would have a "stabilizing effect and minimize great departures which have appeared in some cases."[11] During the same period of time, there has been a decline in technological advances and, in some fields, the race may have already been lost to others.[12] Several respected commentators attribute this situation, at least in part, to an anti-patent attitude displayed by many courts.[13] Fortas, "The Patent System In Distress," 53 J. P. O. S. 810 (1971).

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11. H. R. No. 1923, 82nd Cong. 2nd Sess., on H. R. 7794, May 12, 1952, pp. 7, 18.

12. Even within the United States, 37% of the U. S. Patents issued in 1977 went to non-nationals. Banner, "Address Before the American Bar Association Patent, Trademark, and Copyright Section." 60 J. P. O. S. 477, 478 (1978).

13. The inordinately high percentage of adjudicated patents held invalid would seem to justify the widely held belief that the federal courts are "anti-patent." See Popovich, "Patent Quality: An Analysis of Proposed Court, Legislative and PTO-Administrative Reform-Reexamination Resurrected", 61 J. P. O. S. 248, 255 (1979). If a patentee now seeks to exercise his right to trial by jury, he will find that the courts are additionally "anti-jury" in patent cases. The Seventh Circuit's bias against juries in patent cases is exemplified by its gratuitous quote in the *en banc* opinion from its earlier opinion in *Panther Pumps & Equipment Co.* v. *Hydrocraft, Inc., supra* at n. 9, that "members of the patent Bar have wisely avoided jury trials in patent litigation." Moreover, the court assumes, citing numerous Seventh Circuit opinions, that the expertise of a trial judge on the question of obviousness "presumably would be well above that possessed by a lay jury." (App. p. A7). We are at a loss to understand why training and experience in the law imparts any special expertise in physics, chemistry or engineering superior to that possessed by non-lawyers. See, *Marconi Wireless Co.* v. *United States,* 320 U. S. 1, 60 (1943). Indeed, in most patent cases, including this one, the jurors are better, or at least equally, qualified than federal judges to understand the technology involved. See, Markey, "Science and Law," 59 J. P. O. S. 343, 353 (1977).

At the very least, this Court should introduce stability by resolving the conflict between the circuits so that those of ordinary skill in the arts will have some idea by what standard their achievements will be judged. If, "He who seeks to build a better mousetrap today has a long path to tread before reaching the Patent Office" (*Graham* at 19), he is at least entitled to pursue a single path rather than a maze. As one experienced patent lawyer and law professor has observed, "The public interest in an even-handed administration of the patent law deserves a consistent application of the *Graham* v. *John Deere & Co.* methodology." Schneider, "Non-Obviousness, The Supreme Court, and the Prospects for Stability," 60 J. P. O. S. 304 (1978).

We do not believe that the statement in *Graham* that "the ultimate question of patent validity is one of law" was intended by this Court as a license to lower federal courts to ignore jury findings or the Seventh Amendment. Nor do we believe that it was an invitation to circuit judges to substitute their instinctive feeling of obviousness for that of a jury without at least examining the trial record and holding that the jury's findings were against the manifest weight of the evidence. We do suggest that in jury cases it was intended to mean only that the jury must be properly instructed on the law to be applied to the facts.

If jury verdicts in patent cases are to be treated differently than verdicts in non-patent cases, then this Court must provide guidance as to how this is to be accomplished consistent with the Seventh Amendment. If jury trials in patent cases are to be abolished, then that can be done only by a constitutional amendment. If, on the other hand, patent cases are to be treated no differently than other cases, this Court must make that unmistakably clear. In any event, the current intolerable situation demands the attention of the Supreme Court and reversal of the Seventh Circuit's *en banc* decision.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that the requested writ should be granted.

Respectfully submitted,

CORNELIUS J. HARRINGTON, JR.
DAVID D. KAUFMAN
JOHN E. ANGLE
Attorneys for Petitioners

Of Counsel:

KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

DAVID D. KAUFMAN
Room 1425
39 South LaSalle Street
Chicago, Illinois 60603
(312) 372-8113

APPENDIX

APPENDIX A

In the

UNITED STATES COURT OF APPEALS

For the Seventh Circuit

No. 79-1136

DUAL MANUFACTURING & ENGINEERING, INC., and THE BERKLINE CORPORATION,

Plaintiffs-Appellees,

vs.

BURRIS INDUSTRIES, INC.,

Defendant-Appellant.

LEGGETT & PLATT, INCORPORATED,

Plaintiff-Appellant,

vs.

DUAL MANUFACTURING & ENGINEERING, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division. Nos. 73 C 2667, 76 C 1828—J. Sam Perry, Judge.

REHEARD EN BANC DECEMBER 3, 1979—
DECIDED APRIL 22, 1980

Before FAIRCHILD, *Chief Judge,* SWYGERT, CUMMINGS, PELL, SPRECHER, TONE, BAUER, WOOD, and CUDAHY, *Circuit Judges.*

PELL, *Circuit Judge.* These are consolidated appeals from two judgments entered in consolidated patent infringement cases tried to a jury. The jury found both patents in suit to be valid and infringed. The patents related to chairs which could be

reclined without striking a nearby wall. The judgment of the district court was affirmed by a divided panel of this court on July 20, 1979, on the basis that the jury's verdict was not against the manifest weight of the evidence. The dissenting opinion took the position that obviousness was a question of law, that the evidence demonstrated the patents were obvious under the prior art, that the patents should have been found invalid by the district court, and that the judgment contrary thereto should have been reversed by this court. *Dual Manufacturing & Engineering, Inc.* v. *Burris Industries, Inc.*, 202 USPQ 708 (7th Cir. 1979).

By way of more specific background, we note the following. The original suit was brought by the Berkline Corporation and its subsidiary Dual Manufacturing & Engineering, Inc. (collectively, the appellees) alleging that the Wall Hugger chair manufactured by Burris Industries, Inc. (Burris) infringed two Re patents: Reissue Patent No. 28,210 and Reissue Patent No. 29,483.[1] Thereafter the predecessor in interest of Leggett & Platt, Inc. (together with Burris, collectively referred to as the appellants), which manufactures parts used in the Wall Hugger chair, brought an action seeking a declaratory judgment that the patents owned by Berkline were invalid. The second case, originally commenced in the district court for the District of Massachusetts, was transferred to the Northern District of Illinois, after Dual had counterclaimed, charging infringement of both patents. The two cases thus involved the same issues with the parties reversed.

According to Berkline, Frank Re, the inventor, discerned in 1969 the problem of developing a chair that would "recline

1. The original complaint specified Patent No. 3,758,151, which was later reissued as Reissue No. 28,210, the complaint being amended to reflect that change. A supplemental complaint included a charge of infringement of Patent No. 3,874,724. When that patent was reissued as Reissue No. 29,483, a third and final complaint was filed.

and wall" and after testing a great many models the "Wallaway" chair was developed. The essential design principle embodied in this chair was that the seat was placed on a rolling base with a linkage attaching the backrest to the base. Then as the chair occupant leaned back the seat would roll forward on the base and the back would be pulled into a reclining position by the linkage without the back touching a nearby wall. The Burris Wall Hugger chair is also designed to recline even though placed close to a wall.

Although we will leave the matter for a more thorough discussion later herein, initially we note that at least at the time of the en banc rehearing there was no serious dispute that determination of the question of obviousness under patent law is a question of law. *Pederson* v. *Stewart-Warner Corp.*, 536 F. 2d 1179, 1180 (7th Cir. 1976), *cert. denied*, 429 U. S. 985, and cases cited therein. The appellees, however, on the en banc rehearing have taken the position that even though it be acknowledged that obviousness is a question of law, this does not compel the conclusion that a reviewing court is free to substitute its determination on obviousness for that of the jury, "when, as here, appellants agreed to submit the question of obviousness to the jury with instructions from the trial judge that appellants could concede were proper." The appellees point out that as a matter of fact the instruction on obviousness was drafted and submitted by the appellants and given as tendered with some slight modification.

Because the jury was instructed on the elements bearing on the issue of obviousness and because some attention was directed to that matter during oral argument on the en banc rehearing, we turn first to whether or not the appellants are now precluded from contending as a matter of law that the inventions encompassed in the patents in issue were invalid because of obviousness.

We do not understand the appellees to be arguing that the appellants are bound by a waiver in the strict legal sense of

that term, although they nevertheless find support for their position in the fact that the appellants did not object to submitting the issue of obviousness to the jury. The appellants, on the other hand, admit that the jury was instructed on the issue of obviousness and no objection was lodged against the instruction as required by Rule 51, Fed. R. Civ. P. They do say, however, that because the district court had declined to take the case from the jury they had no choice except to see that the jury was properly instructed on the elements of obviousness, and that they had no objection to the form of the instruction insofar as it related to those elements. They also say, as they must, that they are not seeking reversal on the ground of erroneous instructions.

As the factual background for consideration of this initial issue the record demonstrates the following. At the conclusion of the appellants' evidence, the appellees moved for a directed verdict. The oral motion which was briefly argued to the trial court and was quickly denied, raised a number of issues not involved in the present appeal. It also raised the question of the validity of the patent for noncompliance, *inter alia,* with the provisions of 35 U. S. C. § 103, the statutory basis for nonobviousness precluding a patent.[2] Because at the time the initial motion for directed verdict was presented the appellants had not yet presented any evidence and had only had the opportunity to cross-examine the appellees' witnesses, we may safely assume without reading the some thirteen volumes of transcript developed to that point, that it would have been inappropriate to

2. 35 U. S. C. § 103 reads as follows:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

have directed a verdict. At the conclusion of all the evidence, the appellants again moved for a directed verdict, arguing "that the only reasonable conclusion that can be drawn from the evidence in this case is that at the time that Re made his chair, it would have been obvious to someone skilled in the art." Their argument, although not extended, pointed out reference to a much older Hendrickson chair and that the patents in issue were merely a combination of old elements and that they were "a pure cut-and-paste job." Specifically they pointed out to the court that the recliner chair was old and when this was put with the old slide and link the previous functions were merely combined. Again the court promptly overruled the motion for a directed verdict.

Thereafter the appellants in due course filed their motion for a judgment notwithstanding the verdict. In their brief supporting this motion the movants specifically directed the attention of the trial court to *Pederson* and other cases to the effect that obviousness is a question of law and that judgment n.o.v. was proper in a jury-tried case where the patent in suit was directed to an obvious combination of old elements. The brief then extensively set forth an analysis of the evidence with particular regard to that which was shown by the prior art.[3] This motion was also denied.

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3. In their brief supporting the motion for judgment notwithstanding the verdict in the district court, the appellants also contended that there was no synergistic effect producing a result greater than the sum of the parts, and that under Seventh Circuit authority and two Supreme Court cases believed to be supportive (*Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.*, 396 U. S. 57 (1969) and *Sakraida* v. *Ag Pro, Inc.*, 425 U. S. 282 (1976)) the lack of the synergistic effect precluded patentability. Subsequent to the judgment in the present case, this court in *Republic Industries, Inc.* v. *Schlage Lock Co.*, 592 F. 2d 963 (7th Cir. 1979) made it clear that synergism is not the *sine qua non* of patentability but rather that the analysis of *Graham* v. *John Deere Co.*, 383 U. S. 1 (1966) will be the exclusive means by which to measure nonobviousness under 35

(Footnote continued on next page.)

Under the circumstances just set forth we hold that the question of obviousness is preserved for review by this court. This issue was presented in *Coca Cola Bottling Co. of Black Hills* v. *Hubbard,* 203 F. 2d 859 (8th Cir. 1953). In that case the plaintiff asserted that because no exceptions were taken to the instructions of the trial court, those instructions became the law of the case for determining the sufficiency of the evidence to support the verdict in judgment. The court rejected this contention, expressly overruling earlier cases to the contrary, and stated the following:

> It is true, of course, that an appellant may not challenge on review the correctness of instructions to which he took no exceptions or only a general exception. Rule 51 of the Federal Rules of Civil Procedure, 28 U. S. C. A.; Palmer v. Hoffman, 318 U. S. 109, 119, 63 S. Ct. 477, 87 L. Ed. 645 and cases cited; Palmer v. Miller, 8 Cir., 145 F. 2d 926, 930. In that sense, and in that sense only, it may be said that the instructions to which no exceptions are taken become the law of the case for determining whether the instructions are subject to review on appeal. See Union Pacific Railroad Co. v. Denver-Chicago Trucking Co., Inc., 8 Cir., 202 F. 2d 31, 37-38. But in determining whether a trial court has erred in denying a motion for a directed verdict made at the close of the evidence, it is the applicable law which is controlling, and not what the trial court announces the law to be in his instructions. This Court must ascertain for itself what the applicable law is, whether the instructions were excepted to or not. A proper motion for a directed verdict and its denial will always preserve for review the question whether under the law truly applicable to the case there was an adequate evidentiary basis for the submission of the case to the jury.

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U. S. C. § 103. This court stated that the concept of synergism was employed only as a figure of speech to express the truism that "when all the parts of a claimed invention are known, the combination (and the act of combining) is likely to be more obvious to one reasonably skilled in the art." 592 F. 2d at 972.

203 F. 2d at 862. *See also Johnson* v. *United States,* 434 F. 2d 340, 343 (8th Cir. 1970) (citing *Coca Cola* with approval); *Gorsalitz* v. *Olin Mathieson Chemical Corporation,* 429 F. 2d 1033, 1040 (5th Cir. 1970), *cert. denied,* 407 U. S. 921 (1972) (holding that the question was preserved for review by the motion for a directed verdict).

In 9 Wright & Miller, Federal Practice and Procedure: Civil ¶ 2558 at 670-71 (1971), the controlling law in the discussion of appellate review is succinctly put as follows:

> Many decisions say that an instruction not objected to becomes the law of the case. This may be merely one way of phrasing the general principle that failure to object ordinarily bars later challenge to an instruction. It appears to have no meaning beyond that.

[Footnotes omitted.]

Returning to the proposition of law originally adverted to in this opinion that obviousness is a question of law, we see little reason for extending the discussion too much beyond the clear statement in *Pederson, supra,* other than to observe as applicable to the present issue, that this court has never felt it was bound by a determination of nonobviousness at the trial court level resulting in validity even where that finding that been made by a district court judge, whose expertise in the subject presumably would be well above that possessed by a lay jury. *See, e.g., Skil Corporation* v. *Lucerne Products, Inc.,* 503 F. 2d 745 (7th Cir. 1974), *cert. denied,* 420 U. S. 974 (1975); *Panduit Corporation* v. *Burndy Corporation,* 517 F. 2d 535 (7th Cir. 1975), *cert. denied,* 423 U. S. 987; *Gettelman Mfg. Inc.* v. *Lawn 'N' Sport Power Mower Sales & Service, Inc.,* 517 F. 2d 1194 (7th Cir. 1975); and *Burland* v. *Trippe Mfg. Co.,* 543 F. 2d 588 (7th Cir. 1976).

The appellees on rehearing en banc relied extensively albeit selectively, on *Panther Pumps & Equipment Co.* v. *Hydrocraft, Inc.,* 468 F. 2d 225 (7th Cir. 1972), a case in which the issue

of obviousness had been submitted to a jury which had returned a verdict that the patents were valid. The appellees assert that this court affirmed the jury verdict and made no effort whatsoever independently to examine or determine obviousness. We regard the reliance on *Panther Pumps* as misplaced. *Panther Pumps* itself makes it clear that the law of this circuit, following *Armour & Co.* v. *Wilson & Co.*, 274 F. 2d 143, 151-157 (7th Cir. 1960), is that the issue of obviousness is a question of law. *Id.* at 227. This was not disputed in *Panther Pumps.* The holding in that case insofar as it is germane to the present case is that if the resolution of the issue of obviousness, although a question of law, turns upon disputed factual questions, then a general verdict of validity will be taken as a decision that the disputed factual questions had been resolved favorably to the party in whose favor the verdict was returned. *See Pederson, supra,* 536 F. 2d at 1180. Indeed *Panther Pumps* itself states that if there are no disputed fact issues affecting validity, the court may simply instruct the jury that the patent is either valid or invalid. *Panther Pumps, supra,* 468 F. 2d at 228 n. 8. In *Panther Pumps* the defendants did not argue that it was error to submit either the entire case or any specific issue to the jury nor did they contend that the jury was permitted improperly to decide questions of law. Rather, the thrust of the contention in that case was that the trial court erred as a matter of law or at least abused its discretion by refusing to submit thirty-two special interrogatories to the jury. Under these circumstances this court found no error in the procedure followed by the trial judge in submitting the case to the jury. Inasmuch as the trial judge was not required as a matter of law to submit special interrogatories, the court held he did not abuse his discretion in refusing to do so.

The present appellees attempt to buttress their position with regard to *Panther Pumps* by stating that one of the grounds listed in the petition for a writ of certiorari in the Supreme Court was whether a court of appeals can decline judicially to review a legal conclusion on patent validity when the conclusion

was made by a jury rather than by a trial judge. Aside from well-established law that the denial of a petition for certiorari is no indication of the position of the Supreme Court on any issue presented in the petition, this particular reason listed in the petition was not an issue in the *Panther Pumps* case in this court. There is no indication in the opinion of this court that any effort was made on the part of the defendant to show that there were no disputed subsidiary fact questions. As this court said: "In such event, as in other cases tried by a jury, the reviewing court will presume that the disputed matters of fact have been resolved favorably to the prevailing party in accordance with the trial judge's instructions." *Id.*, 468 F. 2d at 228. The matter of lack of disputed questions of fact in the present case will be discussed subsequently.

On the present issue, the appellees also rely upon a recent case in the Fifth Circuit, *Control Components, Inc.* v. *Valtek, Inc.*, 609 F. 2d 763 (5th Cir. 1980). This case does not contradict or disagree with the position taken in *Panther Pumps.* The Fifth Circuit made it clear that a preliminary factual determination is to be made on the scope and content of the prior art and on the difference between the prior art and the claims at issue, but that when these factual determinations are made the trial judge determines as a matter of law whether the improvement would have been obvious at the time of the invention to a person having ordinary skill in the art. The court also observed that the legal conclusion is fully reviewable by the appellate court. The difficulty in *Control Components* as in *Panther Pumps* was that there were disputed subsidiary facts and a general verdict. Under these circumstances the court presumed that the disputed matters of facts had been resolved favorably to the prevailing party, citing *Panther Pumps.* As the concurring opinion of Judge Rubin pointed out, *id.* at 775, because the trial judge in addressing the motion for a judgment notwithstanding the verdict necessarily considered and rejected the contention that the invention was obvious as a matter of

law, and because the majority opinion demonstrated there was adequate evidence in the record to support the conclusion of obviousness, he joined the majority in holding that the patent was valid.

Under these authorities it is clear that if subsidiary facts are determined after a dispute with regard thereto, the court must then decide the issue of nonobviousness. Before analyzing the record in the present case on the matter of whether there were any of the preliminary or subsidiary facts in dispute we must first consider some other preliminary matters reflecting upon the ultimate decision.

These preliminary matters are outlined in *Republic Industries, Inc.* v. *Schlage Lock Co.*, 592 F. 2d 963, 972-73 (7th Cir. 1979), and we adopt here what this court said there:

> We begin this analysis by noting that a patent is presumed valid. 35 U. S. C. § 282. That presumption, however, is not conclusive, *St. Regis Paper Co.* v. *Bemis Co.*, 549 F. 2d 833, 838 (7th Cir.), *cert. denied*, 434 U. S. 833, 98 S. Ct. 119, 54 L. Ed. 2d 94 (1977); it merely shifts the burden of proof to the party attacking the validity of the patent. *Maxon Premix Burner Co.* v. *Eclipse Fuel Engineering Co.*, 471 F. 2d 308, 312 (7th Cir. 1972), *cert. denied*, 410 U. S. 929, 93 S. Ct. 1365, 35 L. Ed. 2d 591 (1973). Furthermore, that presumption does not exist against evidence of prior art not before the Patent Office. *The Allen Group* v. *Nu-Star, Inc.*, 575 F. 2d 146 (7th Cir. 1978) (per curiam); *Ropat Corp.* v. *McGraw Edison Co.*, 535 F. 2d 378, 383 (7th Cir. 1976). "Even one prior art reference not considered by the Patent Office can suffice to overthrow the presumption." *Henry Manufacturing Co.* v. *Commercial Filters Corp.*, 489 F. 2d 1008, 1013 (7th Cir. 1972).

In applying this applicable law to the present situation, we note the appellants state that in considering the Re patents the Patent Office did not consider several pertinent items of prior art patents and publications, including Stark Patent No.

370,095, Karpin Patent No. 632,053, Englander Patent No. 1,061,533, and Vorher German Patent No. 831,009. According to the appellants each of these patents was directed to a movable piece of close-to-the-wall household furniture, and show that it was old to use the combination of a propeller link, fixed base, and sliding chassis to construct an article of furniture which could be placed to a wall and reclined without having the back hit the wall. The appellees answer this contention by stating that although these other patents were not listed on the face of the patents in suit there was no basis for the assertion that this body of art was not considered by the examiner. It is further asserted that the examiner did conduct exhaustive searches and that it is just as likely as not that he did review these patents and concluded that they were not particularly relevant. It appears to us that the other patents do have some relevance and under that circumstance we can give very little weight to the presumption of validity in this case.

Having reached this point we see little purpose in launching into an extended technical dissertation on the prior art. We regard it as sufficient that the record reflects prior art falling into two distinct categories. The first category includes prior art showing the basic reclining chair without a propelling mechanism. The second category of prior art shows the propelling mechanism for shifting a chair back away from the wall. Indeed, in the original brief in this court the appellees conceded the situation with regard to the prior art when they said:

> Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has.

We hasten to add that we in no way mean to suggest that there cannot be an invention qualifying for patent status in a combination of old elements. To say this would have eliminated many valid patents in the past and certainly many more in the future. What we have here, however, is not a combination of

various old elements such as screws, nuts, bolts, levers, cog wheels and so forth, but very simply, the direct combination of two well known mechanical procedures, both of which were in the prior art. Even before *Graham* v. *John Deere Co.*, 383 U. S. 1 (1966), the Supreme Court in *Great A & P Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147, 152-53 (1950) laid down the dispositive test for the situation involved in the present litigation:

> Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men. This patentee has added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly.

That this analysis is still valid law is indicated by the later case of *Sakraida* v. *Ag Pro, Inc., supra,* 425 U. S. at 282, which cites *Great A & P* in connection with a determination of invalidity of a patent which, according to the Court, "simply arranges old elements with each performing the same function it had been known to perform, although perhaps producing a more striking result than in previous combinations." The Court observed that "[s]uch combinations are not patentable under standards appropriate for a combination patent."

The preliminary or subsidiary questions of fact as originally outlined in *Graham* v. *John Deere Co.*, 383 U. S. 1, 17 (1966), are:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and

> the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

We have noted that the subsidiary fact of the scope and content of the prior art does not present a factual dispute in this case, nor has it been established that there is any particular disputed factual determination with regard to the differences between the prior art and the claims at issue. The only remaining factor is the level of ordinary skill and the pertinent art. If we accept *arguendo* the contention of the appellees that the level of ordinary skill in the art of reclining chair design consists of people who have no formal engineering education, who have been either carpenters, mechanics, or tool-and-die maker type people who, by experience in the business, have built up their knowledge, the prior art in the present case shows that the combination achieved here is nothing more than "the work of the skilful mechanic, not that of the inventor."[4] *Sakraida, supra,* 425 U. S. at 282 (quoting *Hotchkiss* v. *Greenwood,* 11 How., at 267).

The appellees also contend on appeal that the Re invention enjoyed great commercial success and that the Wallaway type of chair had been widely accepted in the furniture industry. As a matter of no surprise, the appellants argue vigorously that there was no commercial success shown to be attributable to any patent features of the Re chair, and that there was not in fact any such long felt want. Irrespective of the correctness of the two positions the secondary considerations are of no avail

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4. We also note that the appellees called an expert witness who testified that the design of the Wallaway chair was not obvious. At this point, however, we cannot treat the witness as testifying as an expert witness on a disputed factual matter for he was giving an opinion on the ultimate legal question for decision, that of obviousness. As this court said in *Pederson, supra,* 536 F. 2d at 1180:

> Because obviousness is a question of law, opinions of experts on that question are not among the facts presumptively decided in the winning party's favor. . . .

to the appellees in the present case. The words of the Supreme Court in *Anderson's Black-Rock, supra,* 396 U. S. at 61, are appropriate:

> It is, however, fervently argued that the combination filled a long felt want and has enjoyed commercial success. But those matters "without invention will not make patentability."

(*Citing Great A & P Tea Co.,* 340 U. S. at 153). *See also Republic Industries, Inc., supra,* 592 F. 2d at 975-76.

In sum, this record presents a case in which there is only left for the reviewing court the matter of determining as a question of law whether the patents were obvious under prior art. We hold that they were and therefore were invalid.

In considering this case we feel compelled to remark that it is an excellent illustration of the wisdom of this court's observation that "members of the Patent Bar have wisely avoided jury trials in patent litigation."[5] A persuasive clue as to the jury's misunderstanding of what was involved in this case is provided by the fact that the jury found infringement by a chair which everyone agrees did not infringe. We do, because of the troublesome questions which seem to arise frequently where a complex patent case is submitted to a jury of lay people, think, under our supervisory power, that it is appropriate to make the following observations on the use of special verdicts in patent cases when the issue is obviousness.

Because only issues of fact subsidiary to the legal question of obviousness are within the province of the jury, its resolution of those issues of fact should ordinarily be articulated in special verdicts under Rule 49(a), Fed. R. Civ. P.[6] The same

5. *Panther Pumps & Equipment Co.* v. *Hydrocraft, Inc.,* 468 F. 2d 225, 228 n. 9 (7th Cir. 1972), *cert. denied,* 411 U. S. 965 (1973).

6. Special verdict forms were submitted and answered in the present case but they amounted to little more than a general verdict

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result may be achieved by special interrogatories returned with a general verdict under Rule 49(b), a device primarily designed to test the jury's application of the law in reaching a general verdict, *see* 5A J. Moore, *Federal Practice* ¶ 49.04 (2d ed. 1979). When the issue is obviousness, a general verdict, with or without answers to special interrogatories, will ordinarily serve no purpose, because the court will still have the responsibility of deciding obviousness.[7] A general verdict, without more, will of course give rise to the presumption that material fact issues have been resolved in favor of the prevailing party; but specific findings are more likely to be useful than presumptions to a court exercising its obligation to decide the ultimate issue of obviousness.

It must be recognized, of course, that at best special verdicts will help some; they will not make trial by jury an effective way of resolving the issue of obviousness. Their limitations are suggested by the provision of Rule 41(a) that in taking special verdicts "the court may submit written questions susceptible of categorical or other brief answer or may submit written forms of the several special findings which might properly be made under the pleadings and the evidence." It is true that the rule goes on to say that, alternatively, the court "may use such other methods of submitting the issues and requiring the written findings thereon as it deems most appropriate." It is apparent,

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as they only were directed to whether the patents were valid and, if so, whether they were infringed. The validity issue, of course, included the matter of obviousness, a question of law. Special verdicts should be concerned only with questions of fact.

7. *Compare* 5A J. Moore, *Federal Practice* § 49.05, discussing the virtues of special verdicts and interrogatories as compared with general verdicts, and disagreeing with the views of Judge Jerome Frank expressed in *Skidmore* v. *Baltimore & Ohio Railroad*, 167 F. 2d 54 (2d Cir. 1948). Judge Frank favored making either special verdicts or written interrogatories compulsory in civil cases. Professor Moore disagrees.

however, that the draftsmen recognized the lack of flexibility that is inevitable when the fact finder responsible for resolving complex and detailed fact issues cannot be expected to compose detailed findings. Nevertheless, the special verdict device may allow the jury, if one is utilized, to serve a useful function in resolving specific contested issues as to the concrete facts, and it should be used.

For the reasons hereinbefore set out, the judgment of the district court is Reversed. Costs shall be awarded to the appellants.

SPRECHER, *Circuit Judge,* dissenting.

I dissent on the basis set forth in the panel's original decision in *Dual Manufacturing & Engineering Industries, Inc.,* 202 USPQ 708 (7th Cir. 1979).

I would affirm the judgment of the district court.

A true Copy:

Teste:

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Clerk of the United States Court of Appeals for the Seventh Circuit

APPENDIX B

In the

UNITED STATES COURT OF APPEALS

For the Seventh Circuit

No. 79-1136

DUAL MANUFACTURING & ENGINEERING, INC., and THE BERKLINE CORPORATION,

Plaintiffs-Appellees,

vs.

BURRIS INDUSTRIES, INC.,

Defendant-Appellant.

LEGGETT & PLATT, INCORPORATED,

Plaintiff-Appellant,

vs.

DUAL MANUFACTURING & ENGINEERING, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

Nos. 73 C 2667 & 76 C 1828—JOSEPH SAM PERRY, *Judge.*

ARGUED JUNE 5, 1979—DECIDED JULY 20, 1979

Before PELL and SPRECHER, *Circuit Judges,* and CAMPBELL, *Senior District Judge.**

* Senior District Judge William J. Campbell of the Northern District of Illinois is sitting by designation.

SPRECHER, *Circuit Judge*. The issue raised by this case is whether to uphold a jury verdict finding that Berkline Corporation's patent was valid and that Burris Industries had infringed it. Since we do not find this verdict to be against the manifest weight of the evidence, we affirm the verdict.

I

Berkline's "better mousetrap" is a reclining chair that can be placed several inches from the wall and yet still recline without striking the wall. Although the invention of such a chair admittedly contributed little to the advancement of modern technology, Berkline extols its virtues in jointly indulging the consumer's desire to place all his furniture against the wall as well as his desire to avoid the exertion of pulling the recliner from the wall in order to reach the "television" position or the "fully-reclined" position.

According to Berkline, Frank Re, the inventor of this chair, discerned in 1969 the problem of developing a chair that would "recline and wall" and after 3 years of work, involving "dozens and perhaps hundreds" of models, the "Wallaway" chair was developed. The essential design principle embodied in this chair is that the seat is placed on a rolling base and a linkage attaches the backrest to the base. Thus, as the chair occupant leans back, the seat rolls forward on the base and the back is pulled into a reclining position by the linkage. These patents are not owned by the Berkline Corporation, a furniture manufacturer.

Burris Industries also manufactures a chair designed to recline even though placed close to a wall. This chair is marketed under the brand name "Wall Hugger." Although we will discuss later the significance of any differences between the chairs, both the Wallaway and Wall Hugger chairs have several similarities in design. The Wall Hugger, like the Wallaway, is mounted on a rolling base and utilizes a fixed linkage to propel the chair

along the base as the back of the chair reclines. The principle embodied in the Vallaway chair is set out by Figure 1. The Wall Hugger chair is illustrated by Figure 2. The parts of these chairs marked with numbers 234 and 60, respectively, show the means whereby the backrest is linked to the rolling base.

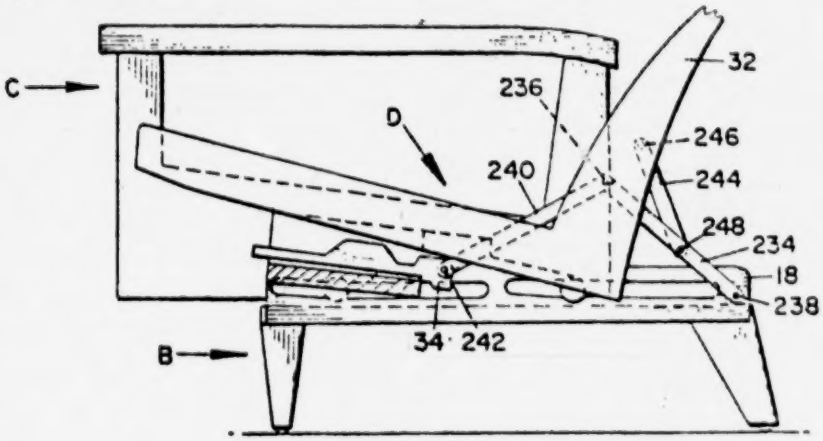


Figure 1

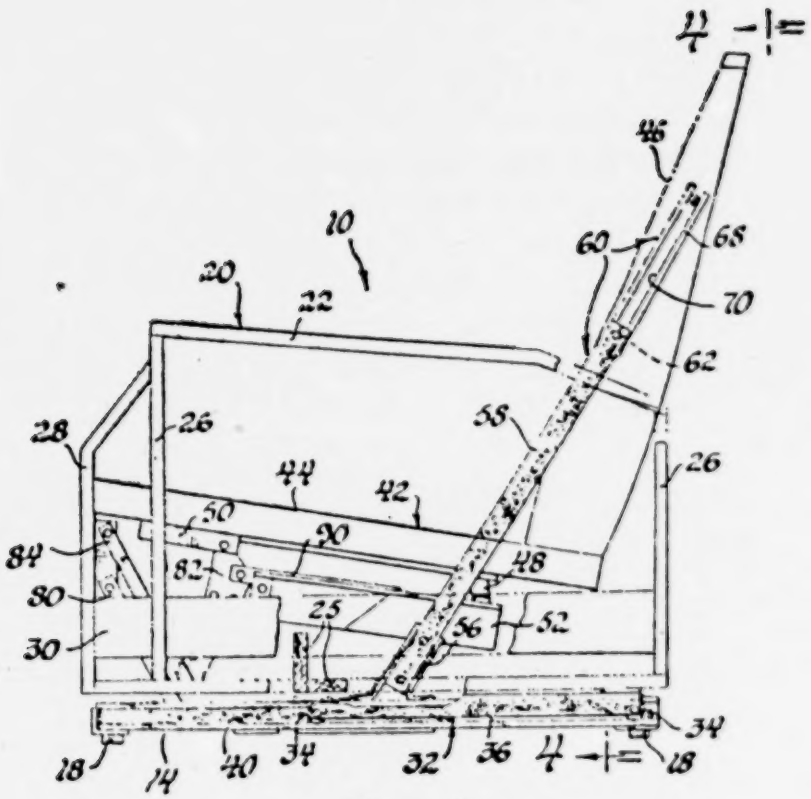


Figure 2

The similarity of these chairs gave rise to the two actions under review here. The first suit was brought by Berkline and its subsidiary Dual against Burris alleging that the Wall Hugger chair infringed two Re patents: Reissue Patent No. 28,210 and Reissue Patent No. 29,-483.[1] Thereafter the predecessor in interest of Leggett & Platt, which manufactures parts used in the Wall Hugger chair, brought an action seeking a declaratory judgment that the patents owned by Berkline were invalid. Since these two cases involved the same issues, albeit with parties reversed, they were consolidated for trial.

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1. The original complaint specified Patent No. 3,758,151, which was later reissued as Reissue No. 28,210, the complaint being amended to reflect that change. A supplemental complaint included a charge of infringement of Patent No. 3,874,724. When that patent was reissued as Reissue No. 29,483, a third and final complaint was filed.

II

At trial, and in the briefs before this court, Burris and Leggett & Platt argued that the Re patent was invalid. The validity argument was that the Wallaway chair was merely an obvious combination of prior well-known concepts: the principle used to effect close-to-the-wall operation in railway compartment seats and convertible sofa beds was merely incorporated into the standard design for a reclining chair with an "automatic" footrest. Both the railway compartment seats and the sofa bed patents relied on by Burris utilized a rolling base and a fixed linkage. Dual and Berkline attempted to rebut these arguments by finding differences in prior art. The sofa beds, they argued, required the occupant to get out of the furniture in order to pull it into a reclining position, and the railway car device used a release latch to prevent the chair from rolling into the reclined position when the occupant sat down in it. Both of these distinctions were argued to be sufficient to distinguish the prior art from the Re patent, in which the reclining action is effected by the occupant by pushing on the chair arms while seated in the chair.

The invalidity argument forwarded by Burris is unconvincing. Burris, in effect, is asking this court to reconsider the validity issue and find that, as a matter of law, the patent was obvious, citing our statement in *Penderson* v. *Stewart-Warner Corp.*, 536 F. 2d 1179, 1180 (7th Cir. 1976), that "[o]bviousness is a question of law." Even if obviousness is ultimately a legal question, it is nonetheless a question which ineluctably requires the determination of several underlying factual issues. In *Sakraida* v. *Ag Pro, Inc.*, 425 U. S. 273 (1976) the Supreme court said that although "[t]he ultimate test of patent validity is one of law . . . , resolution of the obviousness issue necessarily entails several basic factual inquiries. . . ." *Id.* at 280. Thus, the Supreme Court applied the standard of review appropriate for factual findings to the district court's finding that a patent was invalid

as an obvious combination of prior art and, as a result, held that the Court of Appeals "erroneously set aside the district courts findings." We are similarly bound to respect the factual basis of the jury's special verdict that the patents involved here are valid and not void for obviousness.

Since Burris misperceived the appropriate standard, it did not provide any factual basis for the argument that the jury's verdict was without a reasonable basis or against the manifest weight of the evidence. *Cf. Hickory Springs Manufacturing Co.* v. *Fredman Brothers Furniture Co.*, 509 F. 2d 55 (7th Cir. 1975); *Reese* v. *Elkhart Welding & Boiler Works, Inc.*, 447 F. 2d 517 (7th Cir. 1971); *Kennatrack Corp.* v. *Stanley Works*, 314 F. 2d 164 (7th Cir. 1963). We have, however, examined the record and found a reasonable basis for the jury's special verdict that the patent is valid. Dual called an expert witness who testified that the design of the Wallaway chair was not obvious. Further, even though Burris called an expert who testified that the design was derivable from prior patents and a design treatise, we do not find that this deprives the verdict of a reasonable basis. The standard set out by *Graham* v. *John Deere Co.*, 383 U. S. 1, 17 (1966) requires that obviousness be judged with reference to "the level of ordinary skill in the pertinent art resolved." The jury could have believed Dual's expert's testimony that the level of skill among reclining chair designers was rather low and that such designers could not have made the sophisticated deductions made by the Burris expert.[2] In any event, even when we view the record in the light most favorable to Burris,

2. Dual's expert described the level of ordinary skill in the art of reclining chair design as encompassing only those people "who have no formal engineering education and [who] . . . have either been carpenters, mechanics, or tool and die maker type people, who by experience in the business have built up their knowledge." This description is certainly congruent with the level of skill possessed by the inventors involved in this case: none of them had any college training, some had no more than a grammar school education, and one could not even read.

we are confronted merely by a conflict in testimony on the factual question of obviousness. Such a credibility determination is within the province of the jury even in a complex patent case. *U. S. Phillips Corp.* v. *Ferro Corp.*, 522 F. 2d 1100, 1101-02 (6th Cir. 1975).

III

Burris's second argument is that even if the Re patents were valid there was no proof that the Wall Hugger chair infringed the Re patents under which Dual and Berkline are suing. Although Burris's presentation of this argument in its brief before this court is, at best, inartfully and confusingly presented, we believe the essence of this argument to be as follows. The linkage in the Re patent is connected to the chair base from behind the backrest of the chair, whereas the linkage in the Burris chair is attached to the base in front of the backrest of the chair. Allegedly Dual and Berkline did not present any evidence showing that this forward linkage was sufficiently equivalent to the backward linkage to bring it within the terms of the Re patent.[3]

3. There is little question but that the Wall Hugger forward linkage comes within the broad perimeters of the "means" clause in the Re patents:

> means operatively connecting the body-supporting unit and base for moving the chassis forwardly and progressively away from the wall and the body-supporting unit relative to the wall as transition is made from upright sitting position toward a position of reclination and for moving the chassis rearwardly and progressively toward the wall and the body-supporting unit relative to the wall as transition is made from a position of reclination toward upright sitting position.

Nevertheless, in the case of such a broad patent formulation, the converse application of the doctrine of equivalents is appropriate: "where a device . . . performs the same or similar function in a substantially different way, but nevertheless falls within the literal words of the claim, the doctrine of equivalents may be used . . . ." *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U. S. 605,

(Footnote continued on next page.)

Once again we must note that the question of infringement is a question of fact and that we are bound to respect a jury determination of infringement if it is founded on a reasonable basis in the evidence. *Hickory Springs Manufacturing Co.* v. *Fredman Brothers Furniture Co.*, 509 F. 2d 55, 58 (7th Cir. 1975). *See generally Graver Tank & Manufacturing Co.* v. *Linde Air Products Co.*, 339 U. S. 605, 610-11 (1950). Dual's expert witness explicitly testified that he believed that all "the defendants' chairs infringe this [the Re] claim."[4] Furthermore, he continued by engaging in several demonstrations indicating the functional similarity among the various chairs produced by the parties. Finally, he expressed his opinion that the different paths traced by the backrest of the chairs as they reclined—the factor principally stressed by Burris's expert in his argument that the Burris chair did not infringe the Berkline chairs—was not a significant functional difference. We cannot say that the jury was not entitled to rely on this testimony to support its conclusion that the means used by the Burris chairs was substantially similar to those used in the Berkline chairs based on the Re patent.

(Footnote continued from preceding page.)
608-09 (1950). Thus, the appropriate inquiry here was one of equivalence—that is, whether "the two devices do the same work in substantially the same way, and accomplish substantially the same result . . . ." *Id.* at 608. The jury was correctly apprised of this standard by the trial court's instruction:

> To prove infringement the plaintiff must prove each and every of the following conditions:
>
> > The chair mechanisms must accomplish the same result in substantially the same way by substantially the same means as the propeller link or stationary cam slot disclosed in the patent in this suit.

4. Tr. at 2549. Burris claims that the expert testimony as to infringement did not encompass all the accused chairs. This record citation, however, reveals that a general claim of infringement was supported in the record.

Burris, however, urges that the jury's verdict of infringement should be set aside because the jury failed to follow the court's instructions. This argument depends on the difference between "two-way" and "three-way" reclining chairs. In a "three-way" chair the backrest and the seat are attached together by a moveable joint which allows the angle between the backrest and the seat to vary. In a "two-way" chair, the seat and backrest are directly attached and accordingly no such variation is possible. Burris points out that although one of the Re patents only covers "three-way" chairs, the jury delivered a special verdict that one of Burris's "two-way" chairs infringed that patent. All parties concede that no such infringement is possible, and accordingly the district court did not enter judgment on the erroneous special verdict. We do not believe that the jury's delivery of one verdict inconsistent with the record requires us to set aside the remainder of the verdicts. Such an improper verdict is appropriately addressed by granting judgment notwithstanding the erroneous special verdict. *See Fox* v. *Kane Miller Corp.*, 398 F. Supp. 609 (D. Md. 1975). This is particularly the case where the potentiality of error should have been apparent to Burris at the time it allowed the special verdict—to which there could only have been one answer—to go to the jury without bringing that fact to the court's attention.

AFFIRMED.

PELL, *Circuit Judge*, dissenting.

This case is an excellent illustration of the wisdom of this court's observation that "members of the Patent Bar have wisely avoided jury trials in patent litigation."[1] A persuasive clue as to the jury's misunderstanding of what was involved in this case is provided by the fact that it found infringement by a chair

1. *Panther Pumps & Equipment Co., Inc.* v. *Hydrocraft, Inc.*, 468 F. 2d 225, 228 n. 9 (7th Cir. 1972), *cert. denied*, 411 U. S. 965 (1973).

which everyone agrees did not infringe. Perhaps the statement of this court quoted above should be modified to include an exception for those members of the Patent Bar who recognize a weakness in their position on the issue of obviousness and who might be aided by possible confusion on the part of a jury.

However that may be, I think the majority opinion has reached an incorrect result, inconsistent with prior authority. I therefore respectfully dissent.

This circuit has consistently taken the position that obviousness is a question of law. *Pederson* v. *Stewart-Warner Corp.*, 536 F. 2d 1179, 1180 (7th Cir. 1976), *cert. denied*, 429 U. S. 985, and cases cited therein. My research has failed to indicate any authority holding otherwise. Of course, as in most any situation in which the ultimate test is one of law, factual matters have to be established first for there to be some corpus to which the law will be applied. *Pederson* itself, speaks of the necessity in deciding the question of law of the making of determinations of fact. *Id.* The preliminary questions of fact are those originally outlined in *Graham* v. *John Deere Co.*, 383 U. S. 1, 17 (1966):

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

Here, the scope and content of the prior art were fully developed. There was no dispute as to what the prior art was and the question remaining was one of law, *i.e.*, whether that prior art precluded the existence of an invention. Likewise, the differences between the prior art and the claims at issue were fully developed as a part of the record. The differences, while a matter of argument in the trial court, consisted of a legal argument concerning the significance of the undisputed fact that the prior art did have the same elements of inventiveness. In other words, there was no factual dispute here as to what the

prior art was or as to whether there were factual differences between the prior art and the claims at issue.

Deferring for the moment the third factor mentioned in *Graham*, this record reflects prior art falling into two categories. The first category included prior art showing the basic reclining chair without a propelling mechanism. The second category of prior art showed the propelling mechanism for shifting a chair back away from a wall. Indeed, in their brief here the patent proponents concede the situation with regard to the prior art when they say:

> Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has.

This, of course, does not mean that there cannot be an invention qualifying for patent status in a combination of old elements. Whether the combination does qualify is where obviousness enters the picture, or whether in the words of § 103, "the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

The majority opinion based upon an examination of the record finds a reasonable basis for the jury's special verdict that the patent was valid, which is necessarily to say the claimed invention was nonobvious. The first aspect the majority opinion considers is that the jury could have relied upon the proponent's expert witness who testified that the design was not obvious. At this point, however, the witness was not testifying as an expert witness on a disputed factual matter but was giving an opinion on the ultimate legal question for decision, that of obviousness. As this court said in *Pederson supra*, at 1180:

> Because obviousness is a question of law, opinions of experts on that question are not among the facts presumptively decided in the winning party's favor. . . .

The majority opinion then refers to the testimony of a witness for the plaintiffs who described the level of ordinary skill in the art of reclining chair design as people, "who have no formal engineering education and they have either been carpenters, mechanics, or tool and die maker type people, who by experience in the business have built up their knowledge." This testimony, while introduced as having a bearing on the level of skill, rather obviously was brought in to neutralize the effect of the Burris expert who was a professor of engineering and a "kinematic engineer." That the persons having the level of skill prevailing among reclining chair designers had no formal engineering education does not mean that their level was "rather low," as it was characterized in the majority opinion.

Putting aside the fact that one of the foremost inventors on the American scene, Thomas Alva Edison, had virtually no formal education,[2] the majority opinion fails to note, that the level of skill to which the proponents' witness testified included specialized "knowledge" acquired by "experience in the business," rather than by formal education of a highly technical or theoretical variety. To be inventors these "carpenters, mechanics, or tool and die makers" still had to have the touch of genius to discover something new. 35 U. S. C. § 101.

In the present case nothing new had to be discovered. No different functions had to be devised. There was nothing unexpected or surprising involved. Two well-known mechanical procedures were combined, both of which were in the prior art.

The majority opinion treats the recent Supreme Court case of *Sakraida* v. *Ag Pro, Inc.*, 425 U. S. 273 (1976), from the point of view of not disturbing the district court's finding that

---

2. Edison, when seven years old moved with his family to Michigan. There he received his only formal education which ended abruptly after three months when the school master expelled him as "retarded." His mother, a former school teacher tutored him for several years. His inventions resulted in more than a thousand patents. 6 Encyclopedia Britannica 308 (15th ed. 1975).

a patent was invalid. It is true that this was the result that the Court's decision reached. My reading of that case, however, indicates to me that what the Court was doing, as we should have done here, was, as a reviewing court, independently applying the law to the established facts of a combination of old elements. Thus, in language particularly applicable here, the Court stated:

> . . . this patent simply arranges old elements with each performing the same function it had been known to perform, although perhaps producing a more striking result than in previous combinations. Such combinations are not patentable under standards appropriate for a combination patent.

425 U. S. at 282.

The Court cites for the above proposition *A. & P. Tea Co.* v. *Supermarket Corp.*, 340 U. S. 147 (1950), indicating that this pre-*Graham* case is still controlling law. In *A. & P.*, the Court used strong language which is also most pertinent in the consideration of the patent hereunder review:

> Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men. This patentee has added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly.

This is not just another patent case. It appears to me that it will have an unfortunate significance suggesting as it does that because it is necessary to make certain preliminary "basic factual inquiries," before the ultimate test of validity as a matter of

law is reached, a reviewing court has its hands tied by the result below even though that result has been reached by a misapplication of law to what are essentially undisputed facts. Here there really was no dispute. In fact, it was admitted by the patent holder as noted above, that the patent involved old components each functioning as it always has.

The Supreme Court has had no difficulty in differentiating between matters of fact and of law in the patent law area. Thus, in *A. & P.*, the district court explicitly found that each element in the device was known to prior art. Nevertheless, that court found that the combination was a new and useful one. The court of appeals, as the majority opinion here in effect does, regarded the district court's finding of invention as one of fact, sustained by substantial evidence, and affirmed it as not clearly erroneous. *Id.* at 149. The Supreme Court, in reversing, stated:

> The questions of general importance considered here are not contingent upon resolving conflicting testimony, for the facts are little in dispute. We set aside no finding of fact as to invention, for none has been made except as to the extension of the counter, which cannot stand as a matter of law. The defect that we find in this judgment is that a standard of invention appears to have been used that is less exacting than that required where a combination is made up entirely of old components.

240 U. S. at 153-54.

This court has never heretofore felt it was bound by a determination of nonobviousness resulting in validity even where that finding has been made by a district court judge, whose expertise in the subject presumably would be well above that possessed by a lay jury. *See, e.g., Skil Corporation* v. *Lucerne Products Co.*, 503 F. 2d 745 (7th Cir. 1974), *cert. denied*, 420 U. S. 974 (1975); *Panduit Corporation* v. *Burndy Corporation*, 517 F. 2d 535 (7th Cir. 1975), *cert. denied*, 423 U. S. 987; *Gettleman Mfg. Inc.* v. *Lawn 'N' Sport Power Mower Sales & Service, Inc.*, 517 F. 2d 1194 (7th Cir. 1975); and

Burland v. *Trippe Mfg. Co.*, 543 F. 2d 588 (7th Cir. 1976). *Skil* and *Panduit* both refer to well established law in this circuit that a claimed invention consisting of old elements must pass a "rather severe test." This test plainly and simply was not passed by the patent under review and it is unfortunate, in my opinion, that the majority opinion has blurred an essential and fundamental differentiation between the factual aspects and the legal aspects applicable to a validity determination.

Finally on the present matter, I note the majority opinion's reliance on *U. S. Philips Corp.* v. *Ferro Corp.*, 522 F. 2d 1100 (6th Cir. 1975). That case, however, did not involve a question of validity but rather involved a claim of infringement as to which there was conflicting factual evidence involving credibility of witnesses. The case has no application on the ultimate question of law of validity. Here to the extent that the majority opinion points out that there was conflicting evidence it was on the matter of the experts testifying on obviousness which as this court said in *Pederson*, as noted above, was an expression of opinion on a matter of law which, of course, is beyond the proper scope of an expert's opinion. In sum, the judgments entered in the district court should be reversed with directions to enter judgments for the defendant Burris and for the plaintiff Leggett & Platt.

I do not because of the conclusion I have reached consider it necessary to advert to the issue of infringement although I agree with the majority opinion that Burris' presentation of its argument on this phase of the case "is, at best, inartfully and confusingly presented."

A true Copy:

Teste:

.....

Clerk of the United States Court of Appeals for the Seventh Circuit

APPENDIX C

Opinion by Judge Pell

Judge Sprecher dissenting

UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago, Illinois 60604

April 22, 1980.

Before

Hon. THOMAS E. FAIRCHILD, *Chief Judge*
Hon. LUTHER M. SWYGERT, *Circuit Judge*
Hon. WALTER J. CUMMINGS, *Circuit Judge*
Hon. WILBUR F. PELL, JR., *Circuit Judge*
Hon. ROBERT A. SPRECHER, *Circuit Judge*
Hon. PHILIP W. TONE, *Circuit Judge*
Hon. WILLIAM J. BAUER, *Circuit Judge*
Hon. HARLINGTON WOOD, JR., *Circuit Judge*
Hon. RICHARD D. CUDAHY, *Circuit Judge*

No. 79-1136

Dual Manufacturing & Engineering, Inc., and the Berkline Corporation, *Plaintiffs-Appellees*,

vs.

Burris Industries, Inc., *Defendant-Appellant*.

Leggett & Platt, Incorporated, *Plaintiff-Appellant*,

vs.

Dual Manufacturing & Engineering, Inc., *Defendant-Appellee*.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division

Nos. 73-C-2667 and 76-C-1828

J. Sam Perry, Judge

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, Reversed, with costs awarded to the appellants, in accordance with the opinion of this court filed this date.

Supreme Court, U. S.
FILED
AUG 11 1980
MICHAEL RODAK, JR., CLERK

No. 80-44

In The

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1980

DUAL MANUFACTURING & ENGINEERING, INC. and THE BERKLINE CORPORATION,
Petitioners,

v.

BURRIS INDUSTRIES, INC. and LEGGETT & PLATT, INCORPORATED,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals For the Seventh Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION

HERBERT C. BRINKMAN
WILLIAM G. KONOLD
JOHN D. POFFENBERGER
WOOD, HERRON & EVANS
2700 Carew Tower
Cincinnati, Ohio 45202
513-241-2324

STEPHEN M. MURRAY
LORD, BISSELL & BROOK
115 South LaSalle Street
Chicago, Illinois 60603
312-443-0493

Attorneys for Respondents

COURT INDEX PRESS, INC. — 215 E. Ninth Street, Cincinnati, Ohio 45202 — (513) 241-1450

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No. 80-44

In The

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1980

DUAL MANUFACTURING & ENGINEERING, INC. and THE BERKLINE CORPORATION,

Petitioners,

v.

BURRIS INDUSTRIES, INC. and LEGGETT & PLATT, INCORPORATED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals For the Seventh Circuit

---

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION

OPINIONS BELOW

The *en banc* opinion of the Court of Appeals for the Seventh Circuit is set forth at 619 F.2d 660 (7th Cir. 1980), and is accurately reproduced as Appendix A (Ap. pp. A1-A16) of the petition. The now withdrawn July 20, 1979, opinion by a panel of the Seventh Circuit is set forth at 202 U.S.P.Q. 708 (7th Cir. 1973), and is accurately reproduced as Appendix B (Ap. pp. A17-A31) of the petition.

COUNTERSTATEMENT OF QUESTIONS PRESENTED

I. Were petitioners deprived of any constitutional right to a jury trial where the Court of Appeals held the patents in suit obvious as a matter of law based upon undisputed facts?

II. Were respondents precluded from contending on appeal that the patents were invalid for obviousness as a matter of law because respondents, after the judge had denied their motion for a directed verdict, did not object to the judge's instructions to the jury on the elements of obviousness?

CONSTITUTIONAL AND STATUTORY PROVISIONS

The provisions of United States Constitution, Amendment 7, and United States Code, Title 35, § 103, are correctly set forth in the petition. In addition, the following constitutional provision is involved:

> U.S. Const. art. I, § 8
>
> The Congress shall have Power . . . To Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

I. STATEMENT OF THE CASE

A. The Patents in Suit

This consolidated case is a conventional suit for the infringement of two patents granted to Frank M. Re, United States Reissue Patents 28,210 and 29,483. The patents are directed to a simple, everyday household article – a reclining chair. Both patents were held invalid by the Court of Appeals for the Seventh Circuit sitting *en banc* as being directed to an obvious combination of admittedly old elements.

The patented reclining chair includes arms, a seat and a back connected by a "recliner linkage" mechanism which also carries a footrest. This linkage enables the back and seat to tilt between an upright position and a reclined position, and also causes the footrest to be extended automatically whenever the occupant reclines. Recliner chairs embodying all those elements with their arms fixed have been common articles of household furniture for decades.

Both patents (the differences between which are unimportant for present purposes) assert that the patented chairs are an improvement over fixed arm recliners in that the amount of rearward travel of the back during reclining has been reduced, thereby permitting the chair to be placed closer to a wall and reclined without moving it from the wall. This alleged improvement is attained by combining an admittedly old fixed arm recliner chair with an admittedly old propelling mechanism for moving the arms and back away from the wall as the back reclined. The propelling mechanism consists of a conventional roller track and a base placed beneath the arms and a link (called a "propeller link" in the patents) joined between the back and base.

The claims of the patents in suit merely recite the combination of the elements of the old fixed arm recliner together with the elements of the old propeller mechanism. As the court below noted, the petitioners admitted this in their original brief to the Court of Appeals (App.[1] p. 11):

> Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has.

B. The Prior Art

The prior art held to invalidate the patents in suit is not disputed. It falls into two categories. The first category includes the basic fixed arm reclining chairs without any propelling mechanism. Such chairs were shown in various prior art patents granted long prior to Mr. Re's alleged invention and were manufactured and sold long before that date. They included arms (or "chassis"), seat, back, recliner linkage and footrest organized in the same manner as the corresponding elements of the Re recliner. These old chairs differed from the Re chair only in not having any propelling mechanism for moving the back away from the wall.

The second category of prior art consists of propelling mechanisms for shifting the back and arms of an article of furniture away from the wall as the back is reclined. The improvement afforded by such old propeller mechanisms was the same as that claimed by Mr. Re, i.e., they enabled an article of furniture to be placed close to the wall and reclined without striking the wall.

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[1] "App." page references are to the Appendix to the petition.

The propelling mechanism prior art is disclosed in five patents dated from 1887 through 1953, all long before the alleged Re invention. They show that the same base, roller-track and propeller link later adopted by Mr. Re had been used for almost a century in the construction of chairs, divanettes and other close-to-the-wall furniture.

Petitioners conceded that both the components of the patented Re chair and their functions are shown in this prior art (App. p. 11).

C. Opinion of the Court of Appeals

The Seventh Circuit, in an *en banc* decision dated April 20, 1980, reversed a judgment of the District Court holding valid the two patents in suit. The trial court decision was based upon a jury verdict and followed a denial of respondents' motions for a directed verdict and judgment n.o.v.

In its decision, the Court of Appeals followed strictly the analysis dictated by *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966) (App. p. 12), concluding (App. p. 13) that there were no factual disputes as to the three preliminary factual inquiries of *Graham*, i.e., the scope and content of the prior art, the differences between the prior art and claims at issue, and the level of ordinary skill in the pertinent art. The court then concluded that based upon these undisputed facts, the ultimate issue of obviousness was to be resolved as a matter of law and that as a matter of law the alleged inventions of the patents in suit were obvious and, hence, the patents were invalid (App. pp. 13, 14).

II. ARGUMENT

A. Petitioners Were Not Denied Their Constitutional Right to a Jury Trial

1. Appeals Court Reexamined No Finding of Fact

The *en banc* decision of the Seventh Circuit recognized that the three preliminary factual inquiries mandated by *Graham* v. *John Deere,* supra, were undisputed (App. p. 13). The jury's function was properly limited to the resolution of any factual disputes in this area. Thereafter, the ultimate decision of validity involved a question of law for the court, i.e., the application of the proper legal standard of obviousness to the facts so determined. That is all that the Court of Appeals did. No finding of fact was reexamined — rather, the findings of fact presumptively made by the jury on the basis of undisputed evidence were accepted by the Court of Appeals.

2. The Controlling Facts Are Undisputed

Graham lists three preliminary factual issues — scope and content of the prior art, differences between the prior art and the claims at issue, and the level of skill in the pertinent art. There was no dispute regarding any of those facts (App. p. 13).

(a) Scope and Content of the Prior Art

The prior art consisted, first, of old, fixed arm reclining chairs, i.e., "the basic reclining chair without a propelling mechanism" (App. p. 11). These chairs were shown in patents granted long before Re's invention and were used and sold in this country long before that time. Petitioners have never disputed that these chairs are prior art.

The second category of prior art "shows the propelling mechanism for shifting a chair back away from the wall" (App. p. 11). These patents, also granted long before Re's filing date, show various types of reclining furniture (including chairs) having propelling mechanisms for shifting a back away from the wall to permit the furniture to be placed close to a wall. The patents in this group include Stark Patent No. 370,095 (1887), Karpen Patent No. 632,053 (1899), Englander Patent No. 1,061,533 (1913), Vorher German Patent No. 831,009 (1949) and Hendrickson Patent No. 2,815,794 (1957) (App. p. 11).

The record contains no factual dispute. These patents show the same propeller link, base and sliding arms or chassis adapted for close-to-the-wall operation. Indeed, petitioners have admitted this (App. p. 11).

(b) Differences Between Prior Art and Claims at Issue

There is no dispute as to the differences between the prior art and the claims at issue (App. p. 13). The claims are simply directed to the combination of the elements of an old recliner chair with the three elements of an old propelling mechanism long used for the same purpose in the furniture industry.

(c) Level of Skill in the Art

Lastly, there is no conflict of any substance regarding the level of ordinary skill in the art. The Seventh Circuit held that even accepting petitioners' contention regarding the level of ordinary skill in the art, the combination patented "is nothing more than 'the work of the skillful mechanic, not that of the inventor' " (App. p. 13).

It was upon these undisputed facts that the Seventh

Circuit then determined that the patents in suit were obvious as a matter of law (App. p. 14).

B. Decision Below Follows Longstanding Precedents of this Court

Early in its *en banc* decision, the court below recognized that there was no serious dispute that the "determination of the question of obviousness under patent law is a question of law" (App. p. 3). The court then went on to determine obviousness in accordance with this Court's decision of *Graham* v. *John Deere Co.*, supra, noting that (App. p. 12):

> The preliminary or subsidiary questions of fact as originally outlined in *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966), are:
>
> > Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

The court recognized that there was no factual dispute involved as to the scope and content of the prior art:

> We have noted that the subsidiary fact of the scope and content of the prior art does not present a factual dispute in this case, . . . (App. p. 13)
>
> We regard it as sufficient that the record reflects prior art falling into two distinct categories. The first category includes prior art showing the basic reclining chair without a propelling mechanism. The second category of prior art shows the propelling mechanism for shifting a chair back away from the

wall. Indeed, in the original brief in this court the appellees conceded the situation with regard to the prior art when they said:

> "Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has." (App. p. 11)

The court then turned to the differences between the prior art and the claims at issue. Again, it noted that there was no dispute as to this question:

> . . . nor has it been established that there is any particular disputed factual determination with regard to the differences between the prior art and the claims at issue (App. p. 13)

Indeed, there could be none. The claims merely recite the combination of the old basic reclining chair and the old propelling mechanism all as admitted by petitioners in the above quote. The only question — plainly legal — was whether it was obvious to incorporate those two old mechanisms in a single chair.

The court then turned to the third factor — the level of ordinary skill in the pertinent art. Again, the court found no dispute as to this factor since the court accepted, *arguendo,* the petitioners' contention with regard to the level of skill (App. p. 13).

Finally, the court made the legal conclusion that the Re combination of old elements was obvious. As the court stated:

> . . . the prior art in the present case shows that the combination achieved here is nothing more than the

> work of the skillful mechanic, not that of the inventor." *Sakraida, supra,* 425 U.S. at 282 (quoting *Hotchkiss* v. *Greenwood,* 11 How., at 267). (App. p. 13)
>
> In sum, this record presents a case in which there is only left for the reviewing court the matter of determining as a question of law whether the patents were obvious under prior art. We hold that they were and therefore were invalid. (App. p. 14)

In its decision, the court overturned no finding of fact. It merely took the undisputed facts and held that as a matter of law the alleged invention was obvious. This decision is fully in accord with the decisions of this Court going back over a quarter of a century. Since 1950 this Court has consistently held that the ultimate question of patentability is one of law and has always made an independent evaluation of the record to determine as a matter of law if the decision below reflected a correct application of the correct legal standard to the facts.

Thus, in *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.,* 340 U.S. 147 (1950), this Court, without overturning any finding of fact, reversed concurring decisions of two courts below and held the patent in suit invalid. This Court held that the courts below did not correctly apply the legal standard of invention to the facts determined:

> The questions of general importance considered here are not contingent upon resolving conflicting testimony, for the facts are little in dispute. . . . The defect that we find in this judgment is that a standard of invention appears to have been used that is less exacting than that required where a combination is made up entirely of old components. It is on this

> ground that the judgment below is reversed. 340 U.S. at 153, 154.

In its subsequent decisions on patentability, this Court has reiterated its holding that the ultimate question of patent validity is one of law. In *Graham* v. *John Deere,* supra, the Court stated that:

> While the ultimate question of patent validity is one of law, . . . the § 103 condition, . . . lends itself to several basic factual inquiries. . . . Against this background, the obviousness or nonobviousness of the subject matter is determined. 383 U.S. at 17.

Applying this test, the Court in *Graham* reviewed the evidence and held the patent in suit invalid as being obvious. See also the portion of the *Graham* opinion in which the companion case of *Calmar* v. *Cook* was decided, 383 U.S. 1 (1966), and *United States* v. *Adams,* 383 U.S. 39 (1966).

In *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.,* 396 U.S. 57 (1969), this Court followed a similar pattern of review. After summarizing the preliminary factual inquiries mandated by *Graham,* the Court stated:

> We conclude further that to those skilled in the art the use of the old elements in combination was not an invention by the obvious-non-obvious standard. 396 U.S. at pp. 62, 63.

More recently in *Sakraida* v. *Ag Pro, Inc.,* 425 U.S. 273 (1976), this Court again reaffirmed that "the ultimate test of patent validity is one of law" (425 U.S. at 279, 280). This Court, after making an "independent examination of the evidence" (425 U.S. at 280, 281) held that the patent in suit was invalid because it was "not

patentable under standards appropriate for a combination patent" (425 U.S. at 281).

Over 85 years ago in a jury patent case, *Market Street Cable Ry.* v. *Rowley*, 155 U.S. 621 (1895), this Court held that where, as here, the prior art is patented and undisputed, the ultimate question of patentability is one of law for the court, not one of fact for the jury. In that case, defendant had moved the court for a directed verdict on the ground that the patent sued on was void for want of novelty. The motion was overruled. The jury found in favor of the plaintiff and defendant appealed. This Court reversed, holding that the question of patent validity was one of law and that the court erred in not granting a directed verdict:

> The defendant put in evidence a number of patents prior in date to the plaintiff's, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms of art, or to apply the descriptions to the subject-matter; so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary fact to be passed upon by the jury.
>
> If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims are not novel, it becomes the duty of the court to so instruct the jury.
>
> . . .

> In view, then, of the state of the art as manifested by several prior patents, we think it is plain that the patent of Lyon and Munro is void for want of patentable novelty, and that the court below erred in not so instructing the jury. 155 U.S. at 625, 630.

Patent validity is and, indeed, should be decided as a matter of law because patents derive their basis from the Constitution, Article I:

> It follows from the language used in the Constitution, limiting patentability to inventions which in fact contribute to the "progress" of science, that every case involving the validity of a patent presents a constitutional question. E. Dumbauld, The Constitution of the United States 154 (1964).

As Mr. Justice Douglas observed in the concurring opinion of the *A & P* case, supra:

> It is worth emphasis that every patent case involving validity presents a question which requires reference to a standard written into the Constitution. . . .
>
> The standard of patentability is a constitutional standard; and the question of validity of a patent is a question of law. 340 U.S. at 154, 155.

Circuit courts construing *A & P* have concluded that patentability is a question of law because it involves construction not only of the Constitution, but also of the patent statutes. Thus, the Sixh Circuit in *Monroe Auto Equipment Co.* v. *Heckethorn Mfg. & Sup. Co.*, 332 F.2d 406 (6th Cir.), cert. denied, 379 U.S. 901 (1964), upheld a lower court decision holding the patents in suit invalid and denying a jury trial. In its decision, the court held:

> In Great American & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 71 S.Ct. 127, 95 L. Ed. 162, the Supreme Court held that it is a question of law whether the proper standard of invention has been applied. This case makes it clear that what we are concerned with here is a matter of statutory construction; that is, interpreting the statute to draw from it the proper criteria for what constitutes invention. Statutory construction, of course, is a question of law. 332 F.2d at 410-411.

The Seventh Circuit Court of Appeals in *Armour & Co.* v. *Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960), in an *en banc* decision, reached the same conclusion:

> The final step involves the resolution of the meaning of Section 103 of the Patent Act . . . This requires the application of the correct legal criteria to the factual determination made by the trial court. This calls for the exercise of a legal judgment and as such is subject to review by an appellate tribunal as a question of law. 274 F.2d at 156.

The importance of an appellate court's reviewing holdings of patent validity as a matter of law to insure that the patent statutes have been properly interpreted and the constitutional standard properly applied follows from the public interest inherent in patent controversies. This Court has recognized that the primary policy of the patent laws is to promote invention for the benefit of the public. Every patent case involves public interest in seeing that patent monopolies with their far-reaching social and economic consequences are kept within their proper scope. As this Court held in *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944):

> The grant of a patent is the grant of a special privilege "to promote the Progress of Science and useful Arts." Const., Art. I, § 8. . . . It is the public interest which is dominant in the patent system. *Pennock* v. *Dialogue,* 2 Pet. 1; *Kendall* v. *Winsor,* 21 How. 322, 329; *Adams* v. *Burke,* 17 Wall. 453; *Motion Picture Co.* v. *Universal Film Co., supra,* pp. 510-511; *Morton Salt Co.* v. *G. S. Suppiger Co., supra; United States* v. *Masonite Corp.,* 316 U.S. 265, 278. It is the protection of the public in a system of free enterprise which alike nullifies a patent where any part of it is invalid. (*Marconi Wireless Co.* v. *United States,* 320 U.S. 1, 58; and see *General Electric Co.* v. *Wabash Corp.,* 304 U.S. 364, 372) . . .

In order to promote progress of science and the useful arts, and thereby meet the constitutional standard, a valid patent must add to, not detract from, the state of the prior art. As stated in *A & P,* supra:

> The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. 340 U.S. at 152.

The Patent Office is not authorized to issue patents whose effects are to remove existent knowledge from the public domain or to restrict free access to materials already available, *Graham* v. *John Deere Co.,* supra; *Anderson's-Black Rock* v. *Pavement Salvage Co.,* supra.

The decision below correctly held invalid two patents which did not meet this constitutional standard. Indeed, the effect of the two patents in suit was to remove from the tools available to designers of reclining chairs, pro-

pelling mechanisms which have long been available to designers of all types of furniture. Public policy says that where such patents have been improvidently granted, the courts, as a matter of public policy should be free to strike them down and prevent them from becoming an impediment to progress of science and the useful arts. This involves the application of a constitutional standard which cannot be left to a jury. It is for the court to review the facts determined and to apply the *proper legal* standard.

Nor is this standard of review unique to patent cases. This Court in *United States* v. *Singer Mfg. Co.,* 374 U.S. 174 (1963), utilized exactly the same approach in reversing a decision below and holding that there was a violation of the Sherman Act:

> Given the court's own findings and the clear import of the record, it is apparent that its conclusions were predicated upon "an erroneous interpretation of the standard to be applied. * * *" Thus, "[b]ecause of the nature of the District Court's error we are reviewing a question of law, namely, whether the District Court applied the proper standard to essentially undisputed facts." 374 U.S. at 193.

C. The Decision Below Does Not Conflict with Decisions of this Court

Petitioners have strained to create an alleged conflict between the present decision and other decisions of this Court, including *United States* v. *Kaiser,* 363 U.S. 299 (1960). In fact, no such conflict exists. None of the cases relied on by petitioners deals with the issues here involved. None is even a patent case. None holds that a constitutional question or the interpretation of technical statutory language is not properly decided by the court as a matter of law.

Specifically, the first case relied upon by petitioners, the *Kaiser* case, involved the question of whether strike assistance furnished a worker constituted a "gift" and, hence, was excludable from his income. The case was originally tried to a jury and the court had entered judgment n.o.v. on the basis that, as a matter of law, the assistance was not a gift. The Court of Appeals reversed. This Court affirmed, relying on its decision in *Commissioner* v. *Duberstein,* 363 U.S. 278 (1960), to the effect that the statutory standard was non-technical so that whether a transaction was a gift or not was a factual matter for the jury. As the Court held in *Duberstein*:

> The course of decision here makes it plain that the statute does not use the term 'gift" in the common-law sense, but in a more colloquial sense. . . .
>
> Decision of the issue presented in these cases must be based ultimately on the application of the fact-finding tribunal's experience with the mainsprings of human conduct to the totality of the facts of each case. The nontechnical nature of the statutory standard, the close relationship of it to the data of practical human experience, and the multiplicity of relevant factual elements, with their various combinations, creating the necessity of ascribing the proper force to each, confirm us in our conclusion that primary weight in this area must be given to the conclusions of the trier of fact. 363 U.S. at 285, 289.

Thus, the holding of *United States* v. *Kaiser* is not contrary to the present decision. It does not involve either a constitutional question or interpretation of a highly technical statute, such as the patent statute, which are inherently matters of law. Rather, it involves simply the

factual determination of whether something was a "gift" in a colloquial sense.

Petitioners next assert that the present case is in conflict with this Court's decision of *Lavender* v. *Kurn,* 327 U.S. 645 (1946). The *Lavender* case involved an action under the Federal Employers' Liability Act to recover for a wrongful death resulting from negligence. A jury found in favor of plaintiff, but the judgment was reversed by the Supreme Court of Missouri which held that there was no substantial evidence of negligence to support the submission of the case to the jury. This Court reversed, holding that there was sufficient evidence of negligence to justify the submission of the case to the jury and to require the appellate court to abide by the jury's verdict. The *Lavender* case, too, is clearly distinguishable from the present holding upon the ground that no constitutional question or technical statutory interpretation was involved.

Petitioners passingly allude to alleged conflicts between the present case and three other decisions in this Court. But again, it is clear that no such conflict exists. Thus, in *Senko* v. *LaCrosse Dredging Corp.,* 352 U.S. 370 (1957), this Court held that a judgment based on a jury's verdict awarding damages under the Jones Act should stand because there was an evidentiary basis for the jury's finding that the plaintiff was a member of a crew at the time of his injury. No conflict there, it is plain!

In *Baker* v. *Texas & Pacific Ry.,* 359 U.S. 227 (1959), petitioners had sued respondent for negligence under the Federal Employers' Liability Act. The case was tried to a jury, but the judge held as a matter of law that Baker was not "employed" within the meaning of the Act. The Court, based upon reasoning similar to that employed in *United States* v. *Kaiser,* supra, held that the Federal Employers' Act does not use the terms "employees" and "em-

ployed" in any special sense so that the question of whether a person is employed is simply a factual question for the jury.

Finally, in *Atlantic & Gulf Stevedores, Inc.* v. *Ellerman Lines, Ltd.*, 369 U.S. 355 (1962), a longshoreman had sued respondents on the ground that their vessel was unseaworthy and that they were negligent. Respondents impleaded petitioner, alleging that petitioner was negligent and asking for indemnity from it. The District Court entered a judgment in favor of the longshoremen against respondents and in favor of petitioners. The Court of Appeals affirmed the judgment in favor of the longshoremen against respondents, but reversed the decision in favor of petitioner. This Court reversed, holding that the judge's charge was proper, that the jury's verdict was not inconsistent, and that negligence and unseaworthiness were fact questions for the jury. There is no conceivable conflict between the holding in the *A. & G. Stevedores* case and the present case which involved substantially undisputed facts.

D. The Present Decision Is Not in Conflict With Decisions of Other Circuits

In desperation, petitioners have sought to conjure up a conflict among the Circuits. No conflicts exist; this Court has repeatedly enunciated the controlling law and the lower courts have followed it. Overlooking this Court's clear and unequivocal statement in *Graham* that "the ultimate question of patent validity is one of law" (387 U.S. at 17), petitioners now urge that the present decision is in conflict with decisions of four Circuits. Petitioners appear to suggest that these Circuits hold that a jury verdict of validity is not reviewable. In suggesting such a conflict, pe-

titioners are in error. There is no need for this Court to speak again in an area where it has so clearly spoken before.

One case relied upon by petitioners is *Control Components, Inc.* v. *Valtek, Inc.*, 609 F.2d 763 (5th Cir. 1980). The *Control Components* case is not in conflict with the present case; in fact, the two are fully consistent as recognized by Judge Pell in the *en banc* decision (App. pp. 9, 10). Specifically, in *Control Components* the Fifth Circuit affirmed a decision holding a patent valid based on a jury verdict reached upon "often conflicting evidence of a technical nature". In so doing, the court recognized that the *preliminary factual questions* mandated by *Graham* are to be resolved by the jury. The question of obviousness, however, is to be resolved by the court and is fully reviewable as a legal question: As the court stated in *Control Components*:

> Preliminary factual determinations are made on the scope and content of the prior art and on the differences between the prior art and the claims at issue. The trial judge then determines whether the improvement would have been obvious at the time of the invention to a person having ordinary skill in the art. This conclusion of law requires the application of correct legal criteria to the factual determinations made by the jury. *Armour & Co.* v. *Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960). The legal conclusion is "fully reviewable by the appellate court." 609 F.2d at 767-768.

The Fifth Circuit in *Control Components* concluded that in that particular case the evidence supported factual findings which allowed the court to determine as a matter of law that the patent would not have been obvious:

> We also conclude that the trial court correctly applied the law as set out in *Graham* to these factual findings to determine that the improvement embodied in the patent would not have been obvious to one skilled in the art at the time of the invention. 609 F.2d at 769.

There is no conflict between *Control Components* and this case. The different result reached in *Control Components* is attributable to the fact that in that case the jury's presumed factual findings based upon conflicting evidence of a technical nature justified the legal conclusion of unobviousness. In contrast, in the present case the undisputed evidence supports only the contrary legal conclusion of obviousness and, hence, invalidity.

Moreover, another recent case from the Fifth Circuit, *Catholic Protection Service* v. *American Smelting & Refining Co.*, 594 F.2d 499 (5th Cir. 1979), confirms that that Circuit treats the ultimate issue of obviousness as one to be *reviewed as a question of law*, not of fact:

> The district court's findings with regard to the "factual inquiries" demanded by *Graham* must be reviewed under the clearly erroneous standard of Federal Rule of Civil Procedure 52 (a). The ultimate issue of obviousness is, however, a question of law, not of fact. *See, e.g., Graham* v. *John Deere Co., supra,* 594 F.2d at 506-07.

Another case alleged to be in conflict with the present decision is the First Circuit case, *Spound* v. *Mohasco Industries, Inc.*, 534 F.2d 404 (1st Cir. 1975), cert. denied, 429 U.S. 886 (1976). That decision affirmed a lower court decision in a jury case holding one patent valid, one patent invalid and assessing damages for breach of

a license agreement and for infringement. There was no express holding in the decision regarding the resolution of obviousness as a matter of fact or law. However, in its memorandum on a petition for a rehearing entered May 15, 1976, the First Circuit made it clear that it had considered obviousness as a matter of law. In this memorandum, the court stated:

> We are not prepared to say as a matter of law that a cross-fitting "pop-up" headrest is but an obvious advance over '119's extending footrest.

Moreover, the District Court decision, which was affirmed, *Spound* v. *Mohasco Industries, Inc.,* 186 U.S.P.Q. 183, 185 (D. Mass. 1975), shows that the District Judge followed the same approach employed by the Seventh Circuit in the present case:

> Since this case was tried before a jury it would seem that the "factual inquiries" to which the Graham case points are properly the function of a jury. The legal conclusion of validity, *vel non,* then becomes a question for the Court. . . . The Court is satisfied that the jury's finding of non-obviousness in answer to question No. 18 fulfills the factual requirements of a § 103 determination.
>
> Based upon the jury's finding the Court conclues that patents '992 and '374 are valid under the tests of § 103.

In a subsequent decision the First Circuit has shown that it applies a standard of review fully consistent with the decision of the present case. As the First Circuit stated in *Scully Signal Co.* v. *Electronics Corp. of America,* 570 F.2d 355 (1st Cir. 1977):

> . . . "the ultimate question of patent validity is one of law", *Graham* v. *John Deere Co.*, 383 U.S. 1, 17
>
> . . .
>
> > "The district court's supported findings on obviousness will therefore normally stand unless manifesting a misconception of the correct legal standard."
>
> . . . the time has long since gone, if it ever existed, when district courts and courts of appeal could refuse to make an independent assessment of § 103 obviousness in light of all the evidence presented. 570 F.2d at 359, 362.

A third decision relied upon by petitioners is *Tights, Inc.* v. *Acme-McCrary Corp.*, 541 F.2d 1047 (4th Cir.), cert. denied, 429 U.S. 980 (1976). In that decision, the Fourth Circuit affirmed a decision below based upon a jury verdict where, unlike the present case, "much of the evidence as to the nature of the prior art references is in conflict." The *Tights* decision is not in conflict with the present case. There, the court reviewed the conflicting evidence and concluded that based upon the factual determinations which the jury presumptively made based upon the evidence, that its determination as to unobviousness was fully supported by the record. In so doing, the court held the patent in suit valid as being unobvious as a matter of law based upon the underlying factual determinations of the jury. As the court stated (p. 1060):

> While we agree that the question of obviousness is ultimately one of law, we nevertheless recognize that it involves underlying questions of fact. *Graham* v. *John Deere*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1965); *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273, 96 S. Ct. 1532, 47 L.Ed.2d 784 (1976).

In short, the difference between *Tights* and the present case is not one as to the applicable law, but rather is that in *Tights* the jury's presumed findings based upon the disputed facts supported a legal conclusion of obviousness, while in the present case the undisputed facts dictate the opposite result.

The prevailing view of the Fourth Circuit is that obviousness is a question of law, and that the appellate court can properly disagree with the legal conclusion of the court below even though its factual conclusions are accepted. That was made clear in *Deering Milliken Research Corp.* v. *Beaunit Corp.*, 538 F.2d 1022 (4th Cir. 1976):

> The district court's decision that the "wrap around" feature of Lesley's invention was non-obvious under § 103 was a determination, as a question of law, that Beaunit had not met its burden. Thus, we are free to disagree with the district court even if we cannot brand his conclusion on the issue of obviousness as clearly erroneous. 538 F.2d at 1025.

That most surely does not conflict with the present case.

The fourth decision cited by petitioners is *Moore* v. *Schultz*, 491 F.2d 294 (10th Cir.), cert. denied, 419 U.S. 930 (1974), in which the Tenth Circuit reversed a judgment n.o.v. holding a patent invalid. Insofar as the *Moore* decision relates to the defense of obviousness, the court simply held that the defendant had not met its burden of proof with respect to the underlying factual determinations, i.e., whether the O'Boyle prior art machine purportedly on sale and disclosed to third parties was in fact part of the prior art and whether it contained the essential elements of the patented topper.

To whatever extent the *Moore* case suggests a conflict between the Tenth and Seventh Circuits, that suggestion

is dispelled by a later decision of the Tenth Circuit, *Rutter* v. *Williams*, 541 F.2d 878, 881 (10th Cir. 1976), wherein the Tenth Circuit followed the same principle as that of the Seventh Circuit, i.e., that the appellate court *is* bound by the trial court's findings of fact relating to obviousness, but is *not* bound by its conclusions of law deciding the ultimate question of obviousness:

> An appellate court is bound by the trial court's findings of fact relating to obviousness unless they are rejected under the clearly erroneous rule. We accept the trial court's findings on the elements of Rutter's claimed invention and as to the scope and content of the prior art. We are not bound by its conclusion of law that the Rutter device was not obvious to one skilled in the art.

Again, there is clearly no conflict with the present case.

E. The Jury's Verdict Was not Binding on the Court

Petitioners have presented as a second question the issue of whether the jury's verdict was binding on the reviewing courts because the respondents assigned no error to submitting the issue of patent validity to the jury as a fact question and there was no finding that the verdict was against the manifest weight of the evidence.

Having presented this question, the petitioners have set forth absolutely no reason why this Court should be burdened with considering this strictly procedural matter. It is of absolutely no significance beyond this controversy between the present litigants.

Moreover, this contention was correctly decided against petitioners in the opinion below. In its opinion, the court recognized that respondents had twice moved for a directed

verdict, once at the conclusion of plaintiffs' case and once at the conclusion of all of the evidence (App. p. 4, 5). These motions asked the court to hold the patents in suit invalid as a matter of law. When they were denied, respondents had no alternative but to cooperate in preparing instructions for submission to the jury. Subsequently, respondents moved for a judgment n.o.v. – which was also denied. The court below held, "Under the circumstances just set forth we hold that the question of obviousness is preserved for review by this court." (App. p. 6) The error was not in the instructions, it was in the submission of the case to the jury in the first place. The trial court should have directed a verdict just as this Court ordered in *Market Street Cable Ry.* v. *Rowley,* supra.

III. CONCLUSION

There is no issue in this case which warrants consideration by this Court. The decision below merely held two patents invalid on the basis of undisputed facts by correctly applying the legal standards of patentability which have been uniformly recognized by this Court for three decades.

The court below did not overturn any finding of fact made by the jury and petitioners' constitutional rights under the Seventh Amendment were fully preserved.

Finally, there is no conflict among the Circuits or with other decisions of this Court.

The petition should be denied.

Respectfully submitted,

HERBERT C. BRINKMAN
WILLIAM G. KONOLD
JOHN D. POFFENBERGER
STEPHEN M. MURRAY

Attorneys for Respondents

CERTIFICATE OF SERVICE

Service of the foregoing Brief for Respondents in Opposition to Petition was made on petitioners by mailing copies thereof, first class postage prepaid, on August 7, 1980, to Cornelius J. Harrington, Jr. and John E. Angle, Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois 60601, and David D. Kaufman, Room 1425, 39 South LaSalle Street, Chicago, Illinois 60603.

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No. 80-44

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

DUAL MANUFACTURING & ENGINEERING, INC. AND THE BERKLINE CORPORATION,

Petitioners,

vs.

BURRIS INDUSTRIES, INC. AND LEGGETT & PLATT, INCORPORATED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

---

REPLY BRIEF OF PETITIONERS

CORNELIUS J. HARRINGTON, JR.
DAVID D. KAUFMAN
JOHN E. ANGLE
Attorneys for Petitioners

Of Counsel:

KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

DAVID D. KAUFMAN
Room 1425
39 South LaSalle Street
Chicago, Illinois 60603
(312) 372-8113

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REPLY BRIEF OF PETITIONERS

I. Preliminary Statement

The Respondents' brief appears to be a studious effort to avoid any thoughtful analysis of the issues. Respondents would have this Court believe, (1) that this case raises no serious constitutional question under the Seventh Amendment, (2) that the Seventh Circuit merely applied the law to uncontested facts, (3) that harmony reigns among all the circuits in applying the teachings of *Graham* v. *John Deere* to jury trials in patent cases, and (4) that this is simply a "garden variety" patent case of no significance to anyone other than the immediate parties. Each of these contentions is misleading at best.

II. The Seventh Circuit's Disregard for the Jury's Findings Denied Petitioners Their Right to a Jury Trial

The Respondents do not deny that they agreed to submit the question of patent validity to the jury to be decided by it as a question of fact but appear to argue that the denial of their motions for a directed verdict forced them into this position (Respondents' Brief, p. 26). Even if there were some merit to this contention (which we deny), Respondents make no effort to explain away the fact that they did not raise as an issue on appeal the propriety of the jury deciding obviousness.[1] However, even assuming that Respondents had objected to submitting the question of obviousness to the jury and had preserved the question for appellate review, there is no dispute that the Petitioners had the right to have a jury decide the underlying factual inquiries mandated by *Graham* v. *John Deere Co.*, 383

1. At page 26 of their brief, Respondents state, "[T]he error was not in the instructions, it was in the submission of the case to the jury in the first place." Respondents fail to point out that their "Issues Presented for Review" make no mention of this alleged error and read as follows:

> (1) Are the patents in suit invalid under 35 U. S. C. 103 as a matter of law because the reclining chairs claimed were obvious combinations of admittedly old components?
>
> (2) Are the patents in suit invalid as a matter of law because each covers a mere aggregation of an admittedly old chair and an admittedly old propeller mechanism which does not produce a new, surprising or synergistic result?
>
> (3) Should the court below have granted Burris and Leggett & Platt's motions for judgment n.o.v. on the ground that plaintiffs Dual and Berkline failed to prove infringement of either patent in suit?
>
> (4) Did the court below err in not granting a new trial as required by the jury's failure to follow the court's instructions, leading to its admittedly erroneous special verdict finding defendant Burris' two-way chairs infringements of a three-way chair patent?

U. S. 1 (1966). Thus, whether the Respondents went to the jury willingly or otherwise on the question of obviousness, the issue remains as to the proper scope of review of a properly instructed jury's determination of the three pronged inquiry required by *Graham*.

What the Seventh Circuit did with the jury's implicit factual findings is quite remarkable. We agree with the Respondents' observation that, "[t]he Court below did not overturn any finding of fact made by the jury . . ." (Respondents' Brief, p. 27). Nor did the court below find that the jury's verdict was against the manifest weight of the evidence. What the Seventh Circuit did do was to simply ignore what happened in the trial court and, by abandoning any pretense of being a court of review, impose its independent reaction to the patents in suit. In truth, the appellate Court "reviewed" nothing and proceeded as if there had never been a trial. Stripped of all its verbiage, the *en banc* opinion demonstrates that the majority considered the patents in suit and the "prior art" *de novo*, decided they did not believe the patents worthy, and, accordingly, found them invalid.[2] Indeed, as noted in our petition, the *en banc* opinion goes so far as to indicate that the court did not even bother to review the Petitioners' case in chief.[3] We believe this Court will agree that the Seventh Circuit's cavalier treatment of the jury's findings raises a constitutional question of

2. The Respondents admit that "[i]n its decision, the Court of Appeals followed strictly the analysis dictated by *Graham* v. *John Deere Co.* . . ." (Respondents' Brief, p. 5). This assertion reveals the essential vice of what the Court of Appeals did. It was not the office of the Court of Appeals to strictly follow the analysis dictated by *Graham*. Rather, that court had the obligation to review the jury's application of *Graham* v. *John Deere Co.* to the facts.

3. The *en banc* opinion, in discussing Respondents' motions for a directed verdict, states, ". . . *we may safely assume without reading the some thirteen volumes of transcript developed to that point,* that it would have been inappropriate to have directed a verdict." (App., A4-5) (Emphasis supplied).

fundamental importance, the resolution of which will impact on every jury trial of a patent case.

III. The Court of Appeals Did Not Simply Apply the Law to Undisputed Facts

The Respondents attempt to justify the Seventh Circuit's handling of this case by claiming that it was dealing with a set of undisputed facts. Common sense teaches that litigants do not engage in a nineteen day trial when the facts are undisputed. Nor do they produce the testimony of sixteen witnesses, introduce numerous exhibits, or conduct countless demonstrations of physical exhibits, including full scale models of prior art structures, when there is no factual quarrel. The Respondents' contention notwithstanding, the plain fact is that each of the inquiries mandated by *Graham* v. *John Deere Co.* was in dispute. There was conflicting testimony relating to the relevancy of earlier structures claimed by Respondents to constitute prior art. The record also reflects considerable conflicting testimony concerning the differences or similarities between the "prior art" and the patents in suit; the jury obviously believed that substantial differences existed between the "prior art" and the patents in suit. And finally, the evidence was in sharp conflict on the question of the ordinary level of skill in the art.[4] All of this conflicting testimony was resolved by the jury in favor of the Petitioners, a circumstance the appellate Court simply ignored. However, we submit that the court below had an obligation to at least address itself to what the jury did and make some determination as to whether the jury's verdict was supported by substantial evidence or against the manifest weight of the evidence. The Seventh Circuit's failure to do so deprived Petitioners of their right to a jury trial.

---

4. Not only did expert witnesses give their opinion on the level of skill, but no less than five skilled workers in the field of reclining chair design testified. It was, of course, the function of the jury, and not the appellate Court, to evaluate the worth of such testimony.

IV. A Conflict Between the Circuits Exists

The most recent pertinent decision of which we are aware has been released since the filing of the petition. In the case of *Norfin, Inc.* v. *International Business Machines Corporation* (10th Cir., 7/7/80), the Court of Appeals for the Tenth Circuit directly addressed the question of whether obviousness is a question of law and, therefore, improperly submitted to a jury. In no uncertain terms, that Court asserted that "whereas the ultimate question of patent validity is . . . one of law . . . obviousness has always been considered a question of fact." The Court then went on to uphold the jury verdict because there was sufficient evidence upon which the jury could correctly find the patent non-obvious. (Appendix, pp. A14-16).[5]

The Respondents' attempt to harmonize the *en banc* opinion with the opinions of other circuits, especially the Fifth Circuit's recent opinion in *Control Components Inc.* v. *Valtek, Inc.*, 609 F. 2d 763 (5th Cir. 1979), *reh. den.*, 616 F. 2d 892 (1980), is pure gloss. By quoting out of context and without regard to the Courts' decision making process, the Respondents attempt to show that all the circuits treat jury verdicts in patent cases in a uniform fashion simply because they all recite that, ". . . the ultimate question of a patent validity is one of law . . ." However, even a superficial reading of the cases cited in the petition demonstrates that different courts follow different paths in their attempt to apply *Graham* v. *John Deere Co.*

In the Seventh Circuit, adherence to the principle articulated in *Graham* is viewed as a license to a reviewing court to follow its own instincts irrespective of the jury's factual findings. Thus, when a conscientious effort is made to understand how the various circuits actually decide cases involving jury verdicts in patent cases, it becomes immediately apparent that the several

5. Because the decision has not yet been officially reported, we have reprinted it herein as an Appendix. The Court's full treatment of the jury's role and the standard of review in patent cases (A7, 11-16) is directly applicable to, and in support of, our position.

approaches adopted by the circuits are fundamentally inconsistent and that a long standing, basic conflict does exist.

V. The Authorities Cited by the Respondents Are Inapposite

The authorities relied on by the Respondents not cited in the petition are simply not relevant to the issues. Of the ten cases, only one, *Market Street Railway Co.* v. *Rawley,* 155 U. S. 621 (1895), even involved a jury trial. This case cannot provide any guidance in determining the appropriate scope of review to be applied to the factual inquiries required by *Graham* v. *John Deere Co.* decided over seventy years later.

Several of Respondents' other cases, although not directly applicable, actually support Petitioners' position. Thus, for example, *Scully Signal Co.* v. *Electronics Corp. of America,* 570 F. 2d 355 (1st Cir. 1977) and *Cathodic Protection Service* v. *AM Smelting, Etc.,* 594 F. 2d 499 (5th Cir. 1979) acknowledge that the trial court's factual findings are binding unless found to be clearly erroneous. The equivalent here would have been for the Seventh Circuit to recognize that it was bound by the jury's determinations unless the court found those findings against the manifest weight of the evidence. As we have stressed, the court below did not do this.

VI. Conclusion

If the experience of the past twenty-four years is any indication, the circuits will continue to review jury findings in a conflicting fashion (thereby depriving some litigants of basic constitutional rights) until this Court expands on *Graham* v. *John Deere Co.*, and provides the circuits the guidance they obviously require. It is fatuous to contend that such action by this Court will affect only the parties to this action. The extension of *Graham* to a jury trial will have significant impact on every jury trial of a patent case and will ensure that the right to trial by jury in all civil cases is preserved.

Respectfully submitted,

CORNELIUS J. HARRINGTON, JR.
DAVID D. KAUFMAN
JOHN E. ANGLE
Attorneys for Petitioners

Of Counsel:

KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

DAVID D. KAUFMAN
Room 1425
39 South LaSalle Street
Chicago, Illinois 60603
(312) 372-8113

APPENDIX

APPENDIX

UNITED STATES COURT OF APPEALS
For the Tenth Circuit
Slip Opinion

Publish

UNITED STATES COURT OF APPEALS
Tenth Circuit

Norfin, Inc.,
Plaintiff-Appellee,
vs.
International Business Machines Corporation,
Defendant-Appellant.

No. 78-1620

Appeal from the United States District Court
For the District of Colorado
(D. C. No. 76-F-293)

Granger Cook, Jr. (John R. Crossan with him on the brief) of Cook, Wetzel & Egan, Ltd., Chicago, Illinois (Philip G. Dufford of Welborn, Dufford, Cook & Brown, Denver, Colorado, with him on the brief), for Plaintiff-Appellee.

William K. Kerr (Henry J. Zafian with him on the brief) of Fish & Neave, New York, New York (Donald C. McKinlay of Holme Roberts & Owen, Denver, Colorado, with him on the brief), for Defendant-Appellant.

Before SETH, *Chief Judge*, HOLLOWAY and BARRETT, *Circuit Judges.*

BARRETT, *Circuit Judge.*

International Business Machines Corporation (IBM) appeals from an adverse judgment after a jury trial in a patent infringement action brought by Norfin, Inc. (Norfin) as assignee of United States Patent No. 3,414,254 ('254), a machine for automatically collating duplicate document pages.

In the early 1960's, Norfin began manufacturing and marketing a machine capable of automatically collating duplicate copies as they came from a printing press or duplicating machine. This machine, commonly called a "collator", was designed by Norfin's chief engineer, Bernard Pearson, who obtained United States Patent No. 3,273,882 for the collator. This patent was assigned to Norfin. Inherent within the Pearson collator were a series of pivoting deflectors, which, when operative, deflected the sheets to be collated into a column of receiving bins. An indexing arrangement successively activated the deflectors so that each bin received a copy of the same page in proper sequence. The Pearson collators were successfully marketed by Norfin.

In 1964, Willard Sauerbrey, then reproduction chief of the aerospace division of Boeing, was a Pearson collator user. Sauerbrey testified that the Pearson collator had a number of disadvantages, including: the wear and tear created by the metal on metal operation of the tripper bars and rollers located at every shelf location; the operation of the collator would "at times" create a "great deal of racket and noise" making it unfit for use in an office area; the wear and tear created a great deal of unreliability and caused "a lot of paper jamming"; and that "Usually at the deflector finger location is where it usually happened [jamming], so it created a great deal of operator dissatisfaction, wasted a lot of time, and there was a high maintenance factor associated with that design." [R. Jt. App., Vol. I at p. A-101].

Part of Sauerbrey's job at Boeing was to maintain contact with manufacturers of office equipment to try and influence the

manufacture of equipment which would be more efficient and "would advance the state of the art for our needs". Within this posture, Sauerbrey contacted Donald Snellman, founder and president of Norfin, and related that Boeing required collators which were: reliable; required very little operator involvement; were very quiet and operable in office environment; rather inexpensive—less inexpensive than the multiple parts, the many moving parts incorporated in the previous designs.

On January 17, 1966, a patent application was submitted for a "sheet collating device" by Snellman and Jack Keeler, a Norfin employee. A patent, United States Patent No. 3,414,254 ('254), the patent at issue herein, was issued on December 3, 1968, to Norfin, as assignee of the applicants. Inherent within the '254 was a single deflector assembly moving from bin to bin instead of the series of pivoting deflectors utilized in the earlier Pearson collators. In answer to IBM's interrogatories, Norfin acknowledged that the invention of '254 was "conceived" by Snellman and Keeler prior to January 25, 1964, and that, in arriving at the design of the '254 patent, Norfin modified and improved on a collator design similar to that described in Pearson United States Patent 3,273, 882. [R. Jt. App., Vol. I at p. A-714].

In December, 1964, more than one year prior to the filing of the Snellman-Keeler '254 application, Norfin shipped to Lockheed Missiles and Space Company of Sunnyvale, California, a "collator, terminal, Norfin Model 26". Norfin introduced four written exhibits relative to this shipment, which included: Exhibit 14A, a "Request to Purchase", apparently a shipping order for the collator to Lockheed which indicates, *inter alia*, the collator was shipped for a "trial and loan clause", the collator was shipped "LOAN—FOR TEST AND EVALUATION", "consigned at No charge from December 7, 1964 through January 7, 1965"; Exhibit 14B, a Collator Corporation (predecessor to Norfin) invoice which stated "(The above machine is being shipped on a memo billing for test and evaluation per Jim Murphy.)"; Exhibit 14C, a Lockheed "Receiving Memo" which acknowledged receipt of the collator at "No

Charge" and stated "This order covers items or materials consigned to Lockheed for Trial or Loan at No Charge" and "Consignment in on (Trial/Loan), to be returned to Seller . . . Jan. 7, 1965, . . ."; Exhibit 14D, a Lockheed "Change Notice" which stated "Consignment on (Trial/Loan), to be returned to Seller on . . . January 25, 1965" and "REASON: To extend term through January 26, 1965".

During 1968 IBM asked one of its engineers, Jesse Spears, to design a collator for proposed IBM copier, Model 7400. Spears worked extensively on a collator throughout 1968 and on October 8, 1969 filled out an "IBM Invention Disclosure" marked "IBM confidential" for a "collator for 7400 machine". Spears' designs were used as the basis for subsequent developmental work at IBM leading to the marketing in March, 1976, of the IBM Series III office copier and associated collator. (In its answers to Norfin's interrogatories, IBM stated it first became aware of the '254 patent on November 26, 1969.)

Norfin filed its infringement action against IBM on March 16, 1976, alleging that IBM "has been and still is" infringing its '254 Letters Patent by manufacturing, selling, and using collating devices (IBM Series III collator) embodying the patented invention and that such infringement "is willful and deliberate".

By order of April 22, 1977 the district court directed the action bifurcated for separate trial on liability and damages. Thereafter, in a pretrial order, the parties agreed that the con tested issues to be determined at the trial on liability would include:

> (1) Whether United States patent 3,414,254 is valid and enforceable in law.
>
> (2) Whether the subject matter of United States patent 3,414,254 was in public use or on sale in this country more than one year prior to January 17, 1966, including:
>
> a. Whether the subject matter of the '254 patent was in public use at Lockheed Missiles and Space

Company, Inc. in Sunnyvale, California prior to January 17, 1965;

b. Whether the subject matter of the '254 patent was offered for sale to Lockheed Missiles and Space Company, Inc. by Norfin prior to January 17, 1965.

(3) Whether the oaths of the patentees were false in that such oaths included statements that the subject matter had not been in public use or on sale more than one year prior to filing of the application of the '254 patent.

(4) The differences between the prior art and the claims of the patent in suit relied on by plaintiff.

[R. Jt. App., Vol. I at p. A-5].

On March 28, 1978 a jury of six returned a special verdict in favor of Norfin, finding that: IBM infringed '254; IBM's infringement of '254 was willful and deliberate; a Norfin collator shipped to Lockheed in December 1964 was used for Norfin's experimental purposes; "a collator defined by any of claims . . . of the '254 Snellman Patent" was not in public use or on sale more than one year prior to January 17, 1966; and that the '254 invention would not have been obvious to a person possessing ordinary skill in the pertinent art. Thereafter, on April 13, 1978, the district court entered an order adopting each finding of the jury as its own and deferred ruling on increased damages and attorney fees until after the damages trial.

Trial on the amount of damages took place during the period September 25 to October 6, 1978, after which the jury awarded $7,500,000 to Norfin as damages for lost profits for the period March 1976 through June 1978. On November 8, 1978 the district court entered an order approving the special verdict, denying increased damages, and awarding attorney fees and costs.

On appeal IBM contends: (1) the patent claims in suit are invalid because their subject matter was "in public use or on sale" more than a year before the application was filed; (2)

there is no evidence from which the jury could have reasonably found, as it did, that other prior art should not have been considered by the patent office on the issue of obviousness; (3) the patent claims in suit are invalid for obviousness; and (4) the findings of willful and deliberate infringement lack any support in the evidence.

I.

IBM contends that the '254 claims are invalid because their subject matter was "in public use or on sale" more than a year before the patent was filed, and that the jury's finding to the contrary lacks any support in the record. Further, IBM argues that the trial court erroneously instructed on this defense.

Under 35 U. S. C. A. § 102(b) a person is entitled to a patent unless—

> The invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States. . . .

As noted *supra,* the application for the '254 invention was filed on January 17, 1966, and a Norfin collator was sent to Lockheed Missiles in early December 1964. IBM argues, as it has consistently throughout, that the collator shipped to Lockheed embodied the alleged invention of the patent in suit and that the circumstances surrounding the Lockheed use put that alleged invention "in public use" and "on sale", invalidating the patent.

In support of this argument, IBM states that "The jury found that the collator later patented by Norfin was in use at Lockheed more than one year before the filing date of the patent application." [Appellant's Br. at p. 16], and "The Norfin collator sent to Lockheed in December 1964 (which the jury found to embody the '254 patent construction) was not received under any restriction of confidentiality." [Appellant's Br. at p. 24].

Within its special verdict the jury found, *inter alia*:

PUBLIC USE AND ON SALE ISSUE

QUESTION NO. 7: Do you find by clear and convincing evidence that the subject matter of either Claims 1, 2, 8, 9 or 10 of the '254 Snellman Patent was embodied in the collator sent to the Lockheed Company in December, 1964?

ANSWER NO. 7: *yes* (Yes or No)

QUESTION NO. 8: Do you find by clear and convincing evidence that the Norfin collator shipped to Lockheed in December 1964, was used for Norfin's experimental purposes?

ANSWER NO. 8: *yes* (Yes or No)

QUESTION NO. 9: Do you find by clear and convincing evidence that a collator defined by any of Claims 1, 2, 8, 9, and 10 of the '254 Snellman Patent was in public use (not Norfin's experimental use) or on sale more than one year prior to January 17, 1966?

ANSWER NO. 9: *no* (Yes or No)

[R. Jt. App., Vol. I at p. A-56].

As noted *supra,* the district court adopted each of these findings as its own.

These findings of fact may not be set aside unless we determine that they are clearly erroneous. *Sidewinder Marine, Inc.* v. *Starbuck Kustom Boats and Products, Inc.,* 597 F. 2d 201 (10th Cir. 1979); *Rutter* v. *Williams,* 541 F. 2d 878 (10th Cir. 1976); *CMI Corp.* v. *Metropolitan Enterprises, Inc.,* 534 F. 2d 874 (10th Cir. 1976). We do not try factual matters *de novo. Halliburton Company* v. *Dow Chemical Company,* 514 F. 2d 377 (10th Cir. 1975), and we cannot, absent clear error, substitute our judgment for that of the trial court. *Maloney-Crawford Tank Corp.* v. *Sander Tank Company, Inc.,* 511 F. 2d 10 (10th Cir. 1975).

IBM argues that Norfin's shipment of the collator to Lockheed caused the '254 to be "in public use" and "on sale". We disagree. Norfin's Exhibits 14A-14D, as set forth *supra,* all clearly indicated that the collator was not sold to Lockheed and that it was being shipped on a loan basis for tests and evaluation. As such, '254 can not be considered invalid under § 102(b). In *McCullough Tool Company* v. *Well Surveys, Inc.*, 343 F. 2d 381 (10th Cir. 1965), *cert. denied,* 383 U. S. 933 (1966), we observed:

> McCullough next contends that the method and apparatus disclosed in Swift was in public use for more than a year prior to the filing of the application for patent and, therefore, it is invalid under 35 U. S. C. A. § 102(b). The device was first conceived in May, 1944, and the application for patent was not filed until March, 1946. Section 102(b) provides that a person shall not be entitled to a patent if his invention has been in public use for more than one year prior to the application. [Citation]. *A single public use is sufficient to render a patent invalid.* [Citation]. *But not every use is a public use within the meaning of the statute.* [Citation]. *The good faith use of the device or apparatus for experimental purposes is not a public use within the intent and meaning of the statute.* [Citations]. *During an experimental period, the inventor may freely use his device "* * * for the purpose of testing the machine* * *",* [Citation], or "* * * in order to bring the invention to perfection * * *", [Citation], and the statutory period does not commence to run.
>
> Public use is defined as "* * * [t]he ordinary use of a machine or the practice of a process in a factory in the usual course of producing articles for commercial purposes * * *". [Citation]. The burden is upon the one asserting prior public use to establish it by clear, cogent and satisfactory proof to remove all reasonable doubt thereof; but when a use is shown that has occurred prior to the statutory period, it is incumbent upon the patentee to show that such use was experimental only. [Citations]. *The issue of whether a use of the device is experimental or public is one of fact.* [Citations]. *And, the trial court's finding in this respect is*

binding upon the Court of Appeals unless it is clearly erroneous. [Citations]. [Emphasis supplied].

343 F. 2d at pp. 393-394.

Under *McCullough, supra,* Norfin had the right to "freely use" the collator for the purpose of "testing" it without having the statutory period commence to run. Norfin's shipment was clearly outside "the ordinary use of a machine", and therefore not a public use, particularly when, as here, it cannot be logically argued that Norfin actually sold Lockheed a collator in December 1964. *See also: Universal Marion Corporation* v. *Warner & Swasey Company,* 354 F. 2d 541 (10th Cir. 1965), *cert. denied,* 384 U. S. 927 (1966); and *Merrill* v. *Builders Ornamental Iron Co.,* 197 F. 2d 16 (10th Cir. 1952).

IBM contends that the trial court erroneously instructed on the defense of "in public use". Within Instruction No. 20 the Court charged the jury:

> The patent statutes provide that no valid patent may be granted where the subject matter of the patent was in public use or on sale in this country more than one year prior to the date of the application for patent.
>
> You should determine whether the '254 collator as defined in each of the asserted claims, 1, 2, 8, 9 and 10, was in public use or on sale in the United States more than one year prior to January 17, 1966, the filing date of the application for the '254 patent.
>
> IBM has the burden of proving by clear and convincing evidence:
>
> One, that all elements of the '254 patent as defined by each of the asserted claims, 1, 2, 8, 9 and 10, were present in the collator sent to Lockheed.
>
> And, two, that the '254 collator was actually in public use by Lockheed or offered for sale to Lockheed more than one year prior to January 17, 1966.
>
> The offer for sale does not require that sale actually has been made, but requires only that there has been activity

by the inventors or their company in attempting to sell the patented product.

There is one exception to the rule that a public use or offer for sale more than one year before filing the application for patent invalidates the patent. That exception is where the public use or offer for sale was experimental.

If you find that IBM has shown that the collator, the patent in suit, was in public use at Lockheed or offered for sale to Lockheed more than one year before January 17, 1966, then it becomes a burden of Norfin to prove by clear and convincing evidence that this public use or offer for sale was experimental and motivated by Norfin's own experimental needs.

The use or offer for sale must be only incidental and necessary to carrying out these experimental needs.
[R. Jt. App., Vol. I at pp. A-835-836].

IBM argues that Instruction No. 20 was inadequate since it failed to include any explanation of "in public use", and that the court erroneously refused its proffered Instruction No. 4 which provided, *inter alia:*

> A public use is any use which is not kept secret. That is, it is a use which does not involve restrictions limiting the people who see the use, or requiring that the use be kept confidential.

We hold that the court's refusal to give IBM's tendered Instruction No. 4 was not clearly erroneous and that Instruction No. 20 as given was adequate under the facts of this case and our opinion in *McCullough Tool Company, supra.* In *McCullough* we stated that "The good faith use of the device or apparatus for experimental purposes is not a public use within the intent and meaning of the statute" and that "[d]uring an experimental period, the inventor may freely use his device . . . for the purpose of testing the machine." IBM's proffered Instruction No. 4 was overly restrictive in defining "public use" and inconsistent with *McCullough.* Thus, the trial court did not err in refusing to give it.

In summary, we hold that the clear weight of authorities is supportive of the jury's special verdict, as adopted by the trial court, that the collator Norfin shipped to Lockheed was not in public use and was used for Norfin's experimental purposes.

We observe at this juncture that the judgment of a district court must be affirmed on appeal if any valid basis is established in the record irrespective of whether it was relied upon by the district court. *Casto* v. *Arkansas-Louisiana Gas Co.*, 597 F. 2d 1323 (10th Cir. 1979); *Fleming Bldg. Co.* v. *Northeastern Oklahoma Bldg.*, 532 F. 2d 162 (10th Cir. 1976); *Carpenters District Council of Denver and Vicinity* v. *Brady Corporation*, 513 F. 2d 1 (10th Cir. 1975). Therefore, even were we to assume, *arguendo*, that Norfin's collator shipment to Lockheed constituted a "public use" or "sale" under § 102(b), such would not, under the facts herein, invalidate '254. Whereas the jury found that the subject matter of *either* Claims 1, 2, 8, 9 or 10 of the '254 Snellman Patent was embodied in the collator sent to Lockheed, did not find that *all* of the subject matter of Claims 1, 2, 8, 9 or 10 were embodied in the collator. Since separate claims in the same patent are in effect separate inventions, each claim of a patent grants the patentee an exclusive right. *Maloney-Crawford Tank Corp., supra; Bourns* v. *United States*, 537 F. 2d 486 (Ct. Cl. 1976); *Timely Products Corporation* v. *Arron*, 523 F. 2d 288 (2d Cir. 1975); *Smith Industries International* v. *Hughes Tool Company*, 396 F. 2d 735 (5th Cir. 1968).

The fact that a particular claim within a patent is invalid, without more, cannot invalidate the entire patent. Thus, the jury's finding, as adopted by the trial court, that the collator shipped to Lockheed embodied the subject matter of *either* of five claims, cannot be considered a proper predicate upon which to invalidate the Norfin '254 invention under § 102(b).

II.

IBM contends there is no evidence from which the jury could have reasonably found, as it did, that other prior art

should not have been considered by the patent office on the issue of obviousness.

Within Question No. 10 of the Special Verdict the jury was asked:

> Do you find by a preponderance of the evidence that prior art which should have been considered on the issue of obviousness was not considered by the Patent Office during its examination of the application for the '254 patent?
>
> [R. Jt. App., Vol. I at p. A37].

The jury answered "no". Its finding was thereafter adopted by the trial court.

IBM argues that the jury's "no" answer to Question No. 10 constituted a finding that the prior art, Wentworth patent (United States Patent No. 2,328,317), which was not considered by the Patent Office, should not have been considered on the issue of obviousness. Such a finding cannot be supported by the record, according to IBM, when, as here, the Wentworth patent embodied a deflector assembly which moved along a conveyor, pausing at pre-selected points to deflect sheets into spaced bins.

We agree that the strong presumption of validity attributable to a properly issued patent is greatly diminished when the patent office has failed to consider relevant prior art. *Sidewinder Marine, Inc.* v. *Starbuck Kustom Boats and Products, Inc., supra.* However, in order for a prior art patent to anticipate a process, it must disclose identical or equivalent steps to accomplish the same result. CMI *Corporation* v. *Metropolitan Enterprises, Inc., supra.* The ascertainment of the scope of the prior art and the determination of the difference between the prior art and the claims in a suit are, of course, questions of fact. *Price* v. *Lake Sales Supply R. M., Inc.*, 510 F. 2d 388 (10th Cir. 1974). Such determinations must be upheld if supported by substantial evidence. In *Celebrity, Inc.* v. *A & B In-*

strument Co., Inc., 573 F. 2d 11 (10th Cir. 1978), *cert. denied*, 439 U. S. 824 (1978), we stated:

> The jury determined specifically that the Barber patent was not anticipated nor obvious in view of the prior art. We conclude that the jury was properly instructed on these issues. Counsel for the plaintiff made no objection to the instructions. This is a factual issue for the jury when properly submitted. *Moore* v. *Shultz*, 491 F. 2d 294 (10th Cir.). The record demonstrates that there was sufficient evidence introduced upon which the jury could base its finding. The issue was fully developed by the witnesses. These witnesses testified at some length as to the prior patents, and there was a detailed comparison presented to the jury.
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> 573 F. 2d at p. 12.

The record in the instant case clearly demonstrates that whereas the Wentworth patent was not considered by the Patent Office, it was considered in detail during the course of the trial. Thus, the jury, having considered such additional prior art, could, within the ambit of its fact finding process, correctly determine, in effect, that the Patent Office had already considered the *relevant* prior art. This is particularly true, when as here, IBM's own expert acknowledged that the Wentworth disclosure had no structure corresponding to several of the elements within Claim 1 of the '254 patent.

III.

a.

IBM contends the '254 patent claims are invalid for obviousness and that there is no support in the evidence for a contrary finding or conclusion by the jury or the trial court. In support of this contention, IBM cites to the lack of specific findings on the factual inquiries indicated by *Graham* v. *John Deere Co.*, 383 U. S. 1 (1966), i.e., the scope and content of the prior art, the differences between the patent claims and the prior art, and the level of skill in the art.

Even though we acknowledge the lack of specific findings, we nevertheless decline, on this basis, to hold that the non-obvious finding of the jury, adopted by the trial court, was clearly erroneous. In *Tanks, Inc.* v. *Reiter Industries, Inc.*, 545 F. 2d 1276 (10th Cir. 1976), we said:

> As indicated, the trial court found, *inter alia*, that Reiter's patent was invalid under § 103 in that its subject matter was obvious from the prior art. The trial court's findings relating to the scope of the prior art, the difference between the prior art and the claims of the patent whose validity is being questioned, and the level of the ordinary skill in the art, all issues of fact, were perhaps not spelled out in the explicit terms used in *Graham*. However, we have held that the failure by a trial court to use the precise language used in *Graham* is not fatal and that findings of a trial court would be accepted if it were clear from such findings that the trial court had "grappled with the problems." *Rutter* v. *Williams*, 541 F. 2d 878 (10th Cir. 1976) and *Price* v. *Lake Sales Supply R. M., Inc.*, 510 F. 2d 399 (10th Cir. 1974).
>
> 545 F. 2d at p. 1279.

No less a standard should be applied here.

b.

IBM contends that the question of obviousness was improperly submitted to the jury and "that in this Circuit . . . as in all other circuits . . . obviousness is a question of law for a court's ultimate determination." [Appellants Br. at p. 46]. We disagree.

Whereas the ultimate question of patent validity is, of course, one of law, *Moore* v. *Schultz*, 491 F. 2d 294 (10th Cir. 1974); *Hinde* v. *Hot Sulphur Springs, Colorado*, 482 F. 2d 829 (10th Cir. 1973), obviousness has always been considered a question of fact. *Sidewinder Marine, Inc.* v. *Starbuck Kustom Boats and Products, Inc., supra. See also: John Zink Company* v. *National Airoil Burner Company*, 613 F. 2d 547 (5th Cir. 1980); *Control Components, Inc.* v. *Valtek, Inc.*, 609 F. 2d 763 (5th

Cir. 1980). And in *Milgo Electronic Corporation* v. *United Business Communications, Inc.*, ... F. 2d ..... (10th Cir. 1980), we stated:

> Obviousness must be determined by considering the scope and content of the prior art, the differences between the prior art and claims at issue, and the level of ordinary skill in the pertinent art. *Tanks, Inc.* v. *Reiter Industries, Inc.*, 545 F. 2d 1276 (10th Cir. 1976) *citing to Graham* v. *John Deere Co., supra.* Obviousness requires factual determinations which are entitled to the usual respect accorded determinations of fact, and, as such, an appellate court is bound by the trial court's findings on obviousness unless they are determined to be clearly erroneous. *Rutter* v. *Williams*, 541 F. 2d 878 (10th Cir. 1976); *CMI Corporation* v. *Metropolitan Enterprises, Inc., supra.* We are not a trial court and a case such as the one at bar cannot be tried *de novo* on appeal. *Halliburton Company* v. *Dow Chemical Company, supra; Hinde* v. *Hot Sulphur Springs, Colorado, supra.* These principles were succinctly stated in *True Temper Corporation* v. *CF&I Steel Corporation, supra:*
>
> > Obviousness, of course, is to be assessed as of the time the invention in question was made and from the viewpoint of "a person having ordinary skill in the art to which said [invention] pertains." 35 U. S. C. § 103. The issue necessarily involves several basic factual inquiries, outlined in *Graham* v. *John Deere Co.*, 383 U. S. 1, 17, 86 S. Ct. 684, 15 L. Ed. 2d 545, involving the scope and content of the prior art, the differences between the prior art and the patent claims in issue, and the level of ordinary skill in the pertinent field. There is also to be considered, however, the general statutory presumption of validity which attaches to a patent once issued by the Patent Office. 35 U. S. C. § 282. See generally *Sidewinder Marine, Inc.* v. *Starbuck Kustom Boats and Products, Inc.*, 597 F. 2d 201 (10th Cir., 1979). We must, therefore, in reviewing the findings of the trial court, consider whether they are supported by the record or are clearly erroneous under the standard of Rule 52,

> F. R. Civ. P., taking into account the presumption of validity of the patent. *See CMI Corp.* v. *Metropolitan Enterprises, Inc.*, 534 F. 2d 874, 880 (10th Cir.) 601 F. 2d at p. 505.

Sl. op. pp. 15-16.

That obviousness must always be considered a factual question within the parameters of *Graham, supra,* is even clearer, when, as here, we are dealing with a combination patent, every element of which is conclusively presumed to be essential. *Maloney-Crawford Tank Corp., supra, McCullough Tool Company, supra.* Breaking down a design combination, or, as here, a combination patent into its various known components, is an impermissible basis for claiming obviousness. *Sidewinder Marine, Inc., supra.* Such questions of fact must be considered initially by the finder of fact. In the final analysis, while there was conflicting testimony on the issue of obviousness, we hold that there was sufficient evidence upon which the jury could correctly find, as it did, that the '254 invention was not obvious. *See Griswold* v. *Oil Capital Valve Co.*, 375 F. 2d 532 (10th Cir. 1966).

We observe at this juncture that both parties noted within their respective supplemental memoranda the conflict in *Plastic Container Corp.* v. *Continental Plastics,* 607 F. 2d 885 (10th Cir. 1979) and *True Temper Corporation* v. *CF&I Steel Corp.,* 601 F. 2d 495 (10th Cir. 1979) and *Deere & Co.* v. *Hesston Corp.*, 593 F. 2d 956 (10th Cir. 1979), vis-a-vis the requirement for synergism in combination patents. We acknowledge this conflict. However, we leave its resolution for a later day. In so doing, we hold that the '254 invention was patentable under either *True Temper, supra, Deere, supra,* or *Plastic Container Corp., supra.*

IV.

IBM contends the finding of willful and deliberate infringement is without support in the record and that the trial court

erred in not admitting written opinions of its patent counsel as evidence that it acted in good faith.

The finding of willful and deliberate infringement, was, of course, a question of fact for the jury. *Celebrity, Inc.* v. *A & B. Instrument Company, Inc., supra.* Thus, a jury's finding of willful and deliberate infringement must stand, unless determined to be clearly erroneous.

Norfin presented evidence indicating that IBM had been aware of the '254 patent since 1969; IBM was aware of the commercial success of the '254 collator; the first drawings of the IBM Series III collator followed, almost directly, observations by IBM collator design personnel of a Norfin 254 collator; and IBM sought a waiver of rights from Norfin for the inspection of a Norfin collator in 1974, and upon Norfin's refusal to agree to such a waiver, canceled the inspection. We hold that these circumstances constitute substantial evidence upon which the jury could properly find that the infringement herein was willful and deliberate.

AFFIRMED.













